KANSAS DEPARTMENT OF REVENUE

	Actual FY 2020	Agency Est. FY 2021	Gov. Rec. FY 2021	Agency Req. FY 2022	Gov. Rec. FY 2022
Operating Expenditures:					
State General Fund	$ 15,961,409	$ 15,962,196	$ 15,340,649	$ 16,061,282	$ 14,455,154
Other Funds	88,940,810	92,566,139	92,736,139	92,850,875	92,850,875
Subtotal	*$ 104,902,219*	*$108,528,335*	*$108,076,788*	*$ 108,912,157*	*$ 107,306,029*
Capital Improvements:					
State General Fund	$ 0	$ 0	$ 0	$ 0	$ 0
Other Funds	0	0	0	0	0
Subtotal	*$ 0*	*$ 0*	*$ 0*	*$ 0*	*$ 0*
TOTAL	**$ 104,902,219**	**$ 108,528,335**	**$ 108,076,788**	**$ 108,912,157**	**$ 107,306,029**
Percentage Change:					
Operating Expenditures					
State General Fund	1.6 %	0.0 %	(3.9) %	0.6 %	(5.8) %
All Funds	(13.6)	3.5	3.0	0.4	(0.7)
FTE Positions	1,089.2	1,089.2	1,049.2	1,089.2	1,049.2

For purposes of this analysis, full-time equivalent (FTE) positions include non-FTE permanent unclassified positions but continue to exclude temporary employees. FTE positions reflect permanent state positions equating to a 40-hour work week.

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AGENCY OVERVIEW

The Kansas Department of Revenue (KDOR) collects taxes and fees, administers Kansas tax laws, issues a variety of licenses, and provides assistance to Kansas citizens and units of government. The Department of Revenue is divided into six major divisions, which reflect the four statutory programs the agency is charged with administering and the support functions that serve the regular programs. The present organizational structure includes the following units:

- Administrative Services provides management and support services to the other programs;
- Aid to Local Units of Government provides for the distribution of certain State-collected taxes and fees to local units of government as aid;
- Alcoholic Beverage Control (ABC) regulates the sale and distribution of alcoholic beverages and enforces bingo and tobacco regulations;

- Tax Administration manages and enforces the major state taxes and conducts a program of audits to identify and substantiate under-reporting of Kansas taxes;

- Property Valuation appraises state property and exercises supervision over local appraisers; and

- Motor Vehicles issues titles, registers vehicles, and licenses drivers.

MAJOR ISSUES FROM PRIOR YEARS

The **2010 Legislature** deleted $401,897, all from the State General Fund (SGF), to achieve an SGF reduction of approximately 2.5 percent below the Governor's recommendation for fiscal year (FY) 2011.

The **2010 Legislature** also provided an amnesty for all delinquent taxes received from September 1, 2010, to October 15, 2010, and appropriated the Tax Amnesty Recovery Fund for FY 2011. The Legislature authorized the agency to fill 7.0 vacant FTE positions for FY 2011 with the first $350,000 collected as a result of the Tax Amnesty program transferred from the SGF to the Tax Amnesty Recovery Fund. The amnesty applied to delinquent tax liabilities for tax periods that ended on or before December 31, 2008. The amnesty did not apply if the taxpayer had received a notice of an audit or assessment or if the time for an appeal had not yet expired. The Department of Revenue could waive penalties and interest during the amnesty period.

The **2012 Legislature** deleted $6,751,952, all from the Division of Vehicles Modernization Fee Fund, and transferred the funds to the SGF for FY 2013.

The **2013 Legislature** passed House Sub. for SB 83, which assessed watercraft at 11.5 percent for 2014 and 5.0 percent for 2015 and all years thereafter. The Legislature passed 2013 SB 164, which allows the Department of Revenue to appoint contractors to perform any services associated with vehicle functions.

The **2014 Legislature** passed House Sub. for SB 245, which amended law to credit 12.41 percent of FY 2013, FY 2014, and FY 2015 mineral severance taxes collected in counties with receipts in excess of $100,000 to the Oil and Gas Valuation Depletion Trust Fund (OGVDTF) for distribution in FY 2014, FY 2015, and FY 2016, respectively. The bill abolished the OGVDTF on July 1, 2016. The bill also created the Mineral Production Education Fund (MPEF) on July 1, 2016. Beginning in FY 2017, the bill credited the MPEF with 20.00 percent of mineral severance taxes collected during the previous fiscal year in counties with receipts in excess of $100,000. The moneys in the MPEF subsequently will be transferred twice each year to the State School District Finance Fund.

The **2015 Legislature** passed House Sub. for SB 112, which, among other things, included language to deposit $1 of the $4 Division of Vehicles Modernization Surcharge for total receipts not to exceed $1.0 million in the Division of Vehicles Modernization Fund for FY 2016 and FY 2017.

The **2016 Legislature** made numerous changes to the agency's budget for FY 2017. The Legislature deleted $3.5 million, all from special revenue funds, for FY 2017 to reduce expenditures from the Qualified Agricultural Ethyl Alcohol Producer Fund. The Legislature transferred this amount to the SGF. The Legislature concurred with the Governor's Budget

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Amendment and added $450,000, all SGF, and 3.0 FTE positions to meet enforcement requirements of the Master Settlement Agreement from the 1998 tobacco settlement for FY 2017. The Legislature also passed House Sub. for SB 280, which makes a number of changes relating to property taxation, many of which require additional responsibilities to be assumed by the Property Valuation Division.

The **2018 Legislature** added $2.0 million, all from the Division of Vehicles Operating Fund, in FY 2018 and for FY 2019 for the implementation and production costs related to digital license plate conversion and distribution scheduled to begin August 1, 2018.

The **2018 Legislature** also passed key policy bills, as follows:

- **HB 2111** excludes any cash rebates a manufacturer grants to a purchaser or lessee of a new motor vehicle from the sales price of the motor vehicle for purposes of calculating sales tax. This exclusion takes effect July 1, 2018, and sunsets June 30, 2021;

- **Sub. for HB 2147** creates a process for Native American military veterans domiciled within the boundaries of Kansas tribal lands during the period of active military duty from tax years 1977 through 2001 to apply for a refund of state personal income taxes improperly withheld from such veterans' federal military incomes in the amount of income taxes paid plus interest. The Secretary of Revenue may adopt rules and regulations as necessary to administer the provisions of the bill;

- **HB 2502** provides for newly authorized sales by cereal malt beverage (CMB) licensees of beer containing no more than 6.0 percent alcohol by volume (ABV) to be subject to state and local sales taxes instead of the state liquor enforcement tax. Legislation enacted in 2017 allows CMB licensees to sell beer containing no more than 6.0 percent ABV on April 1, 2019;

- **HB 2606** amends law related to testing for a Class M (motorcycle) driver's license, online driver's license renewal, and the length of time a commercial driver's license is valid. The bill exempts applicants for Class M driver's licenses who have completed motorcycle safety training in accordance with the Motorcycle Safety Foundation instruction from completing further written and driving testing by the Division of Vehicles. The bill specifies vision test requirements for qualifying applicants for electronic online driver's license renewal. A requirement in continuing law that a driver's license examiner administer an eyesight exam prior to renewal of a driver's license will be waived under certain conditions. The bill extends from four years to five years the period of time an original commercial driver's license (CDL) issued on and after July 1, 2018, will be valid. The bill extends from four years to five years the period of time before expiration of a CDL;

- **HB 2362** creates a $20 Alcoholic Beverage Control (ABC) modernization fee to be charged on both initial and renewal liquor license applications. The bill reduces the initial application fee for a liquor license from $50 to $30 plus the $20 modernization fee. The $20 modernization fee is added to the renewal application fee, which will remain at $10. The revenue from the $20 fee will be deposited in the ABC Modernization Fund created by the bill to be used for the

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software and equipment upgrades associated with the Department of Revenue's licensing, permitting, enforcement, and case management and is estimated to receive new revenues of $40,000 both in FY 2018 and for FY 2019; and

- During the **2019 Legislative Session**, the Department of Revenue terminated the contact with CGI Technologies to modernize the tax administration system and brought a large portion of that outsourced contract back in house. The Department of Revenue also opened a new driver's license office in Wichita with 12.0 FTE positions and expanded services in other licenses bureaus, adding an additional 27.0 FTE positions.

BUDGET SUMMARY AND KEY POINTS

FY 2021 – Current Year. The **agency** requests a revised estimate of $108.5 million, including $16.0 million from the State General Fund (SGF), in FY 2021. The revised estimate is an all funds increase of $59,264, or 0.1 percent, and no change in SGF from the approved budget. The revised estimate includes $1.6 million in hardware and software implementation costs for the channel modernization project. The increases were partially offset by a reduction of $890,000 in Aid to Local Units of Government from the Special County Mineral Production Tax Fund, which receives an 8.0 percent excise tax on coal, oil, or gas produced in Kansas, a reduction of $323,186 in the motor vehicle division related to the sale of vehicle license tags and paper and $150,000 in assigned counsel fees.

The revised estimate includes 1,089.3 FTE positions, an increase of 10.6 FTE positions above the approved number. The agency added 17.0 additional FTE positions in the Motor Vehicle Division for the Wichita West Driver's License location and 3.0 FTE roving positions in the Wichita region. The agency also added 4.0 FTE positions in the Tax Administration Division for information technology analysts who were transferred from Administration. The increases were partially offset by FTE reductions in the Administration Division, mostly in Information Technology analysts.

The **Governor** recommends expenditures of $108.1 million, including $15.3 million SGF, in FY 2021. The recommendation is an all funds decrease of $451,547, or 0.4 percent, and an SGF decrease of $621,547, or 3.9 percent, below the FY 2021 revised agency estimate. The Governor recommends deleting $218,999, or 0.3 percent, from the agency salaries and wages request by increasing the shrinkage rate. The recommendation also deletes $402,548 for out-of-state and international travel due to COVID-19 travel restrictions. The SGF reductions are partially offset by a federal funds increase of $170,000 in Coronavirus Relief Fund moneys from the Office of Recovery. KDOR has indicated it plans to expend $60,000 in contractual services expenditures for cleaning and sanitizing of both employee and public-facing facilities due to the COVID-19 pandemic; and $110,000 in commodities expenditures for personal protective equipment and thermal kiosks for employee temperature screenings.

The Governor recommends 1,049.2 FTE positions, a decrease of 40.0 FTE positions below the agency's FY 2021 revised estimate. The Governor states that KDOR has maintained 70.0 vacant and funded FTE positions to conform with shrinkage requirements and those positions should be eliminated. The reduction includes 15.0 FTE positions in the Motor Vehicle Division, 10.0 FTE positions in Administration, 10.0 FTE positions in Tax Administration, and 5.0 FTE positions in Property Valuation.

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FY 2022 – Budget Year. The **agency** requests $108.9 million, including $16.1 million SGF for FY 2022. The request is an all funds increase of $383,822, or 0.4 percent, and an SGF increase of $99,086, or 0.6 percent, above the FY 2021 revised estimate. Salaries and wages costs increased by $929,336, including $636,450 SGF, due to salaries and wages fringe benefit costs and the end of the Kansas Public Employees Retirement System (KPERS) Death and Disability employer contribution suspension. The channel modernization project is expected to be completed in FY 2021, which results in a reduction of $1.5 million in capital outlay and contractual services expenditures. The channel modernization project includes $100,000 in annual software and hardware maintenance fees in FY 2022. The reduction in the channel management project was partially offset by an increase in estimated Aid to Local Units of Governments of $400,000 for the Special County Mineral Production Tax Fund. The request includes 1,089.3 FTE positions, the same as the FY 2021 revised estimate.

The **Governor** recommends expenditures of $107.3 million, including $14.5 million SGF, for FY 2022. The recommendation is an SGF-only decrease of $1.6 million, or 10.0 percent, below the FY 2022 agency request. The decrease is attributable to the Governor's recommended adoption of the agency reduced resources proposal totaling $1.6 million, including $1.2 million in staff reductions and $442,950 in travel reductions.

The Governor recommends 1,049.2 FTE positions, a reduction of 40.0 FTE positions below the FY 2022 agency request. The recommendation carries forward the staffing level reduction recommendation from FY 2021.

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PERFORMANCE MEASURES

The 2016 Legislature passed HB 2739, which outlined a three-year process for state agencies to develop and implement a system of performance budgeting using outcome measures to evaluate program effectiveness. Measures to evaluate agency-wide performance are presented below. Additional measures to evaluate specific programs appear in the relevant program sections.

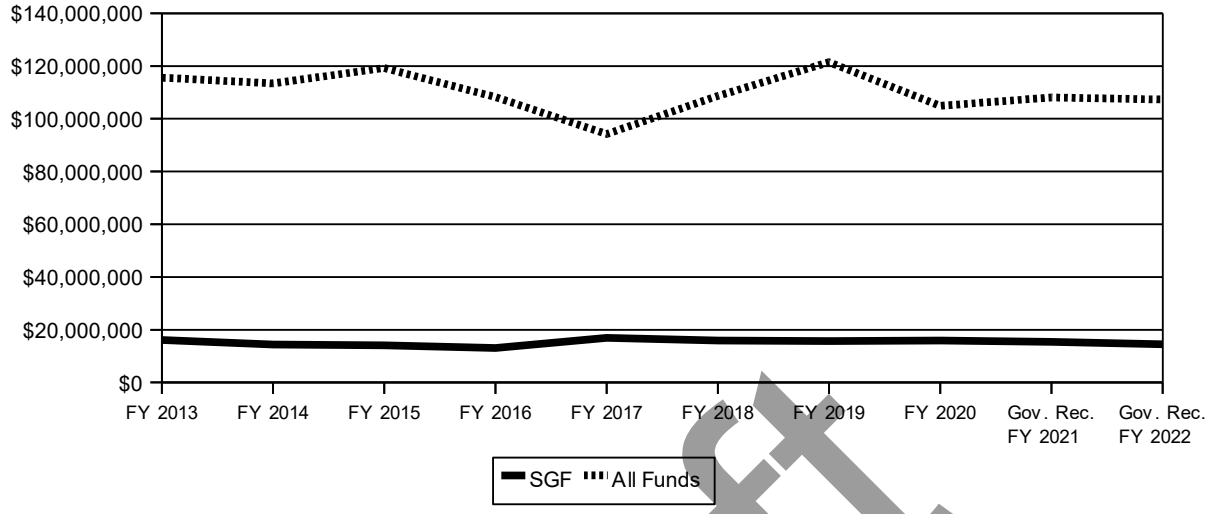
PERFORMANCE MEASURES

Measure	Actual FY 2018	Actual FY 2019	Gov. Rec. FY 2020	Actual FY 2020	Gov. Rec. FY 2021	Gov. Rec. FY 2022
Fiscal Notes Completed	240	292	225	294	225	225
Percent of Fiscal Notes Completed within Five Working Days	73.0 %	80.0 %	80.0 %	80.0 %	80.0 %	80.0 %
Percent of Aid Payments Distributed on Schedule	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %
Number of random controlled buys performed for the sale of alcohol to underage persons	390	380	500	404	612	612
Compliance rate for controlled buys for the sale of alcohol to underage persons	80.0 %	87.0 %	85.0 %	85.0 %	85.0 %	85.0 %
Percent of Individual Income Tax Returns Received Electronically	88.0 %	88.0 %	89.0 %	89.0 %	89.0 %	89.0 %
Amount of Delinquent Tax Collections (Dollars in Millions)	$ 182.9	$ 193.7	$ 200.0	$ 162.8	$ 180.0	$ 185.0
Compliance Rate for Controlled Buys for the Sale of Cigarettes and Tobacco Products to Minors	93.0 %	94.0 %	90.0 %	95.0 %	90.0 %	90.0 %
Number of Counties with Qualified Appraisers	101	102	105	105	105	105
Percent of Residential Valuations Meeting State Appraisal Statistical Compliance Standards*	99.9 %	99.0 %	99.0 %	99.0 %	99.0 %	99.0 %
Percent of Commercial Valuations Meeting State Appraisal Statistical Compliance Standards	93.6 %	95.0 %	95.0 %	95.0 %	95.0 %	95.0 %
Average Customer Wait Time at the Ten Largest Driver's License Offices (In Minutes)	34:55	20:43	20:00	10:30	9:50	9:00
Total Transactions at State Driver's License Offices	819,267	723,175	832,000	539,140	739,000	730,000
Agency Expenditures						
All Funds (Dollars in Millions)	$ 108.7	$ 121.5	$ 111.3	$ 104.9	$ 108.1	$ 107.3
FTE Positions	997.8	1,078.7	1,078.7	1,089.2	1,049.2	1,049.2

** The Governor's Office does not utilize this measure for evaluation purposes.*

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OPERATING EXPENDITURES
FY 2013 – FY 2022



OPERATING EXPENDITURES
FY 2013 – FY 2022

Fiscal Year	SGF	% Change	All Funds	% Change	FTE
2013	$ 16,059,454	0.2 %	$ 115,594,905	8.3 %	994.0
2014	14,333,666	(10.7)	113,400,633	(1.9)	944.0
2015	14,083,288	(1.7)	119,223,988	5.1	944.0
2016	13,046,466	(7.4)	108,238,598	(9.2)	941.7
2017	16,874,650	29.3	94,200,500	(13.0)	1,019.1
2018	15,874,650	(5.9)	108,666,022	15.4	997.8
2019	15,711,021	(1.0)	121,473,894	11.8	1,078.7
2020	15,961,409	1.6	104,902,219	(13.6)	1,089.2
2021 Gov. Rec.	15,340,649	(3.9)	108,076,788	3.0	1,049.2
2022 Gov. Rec.	14,455,154	(5.8)	107,306,029	(0.7)	1,049.2
Ten-Year Change Dollars/Percent	$ (1,604,300)	(10.0)%	$ (8,288,876)	(7.2)%	55.2

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Summary of Operating Budget FY 2020 - FY 2022

	Actual FY 2020	Agency Estimate: Estimate FY 2021	Agency Estimate: Request FY 2022	Agency Estimate: Dollar Change from FY 21	Agency Estimate: Percent Change from FY 21	Governor's Recommendation: Rec. FY 2021	Governor's Recommendation: Rec. FY 2022	Governor's Recommendation: Dollar Change from FY 21	Governor's Recommendation: Percent Change from FY 21
By Program:									
Administration	$ 34,811,438	$ 36,646,827	$ 37,198,206	$ 551,379	1.5 %	$ 36,322,579	$ 36,531,044	$ 208,465	0.6 %
Aid to Local Units of Government	3,557,420	3,220,000	3,620,000	400,000	12.4	3,220,000	3,620,000	400,000	12.4
Alcoholic Beverage Control	3,127,867	3,386,795	3,406,937	20,142	0.6	3,386,795	3,406,937	20,142	0.6
Tax Administration	28,663,967	28,034,696	26,669,323	(1,365,373)	(4.9)	27,933,997	25,756,958	(2,177,039)	(7.8)
Property Valuation	4,147,862	4,221,234	4,280,065	58,831	1.4	4,194,634	4,253,464	58,830	1.4
Motor Vehicles	30,593,665	33,018,783	33,737,626	718,843	2.2	33,018,783	33,737,626	718,843	2.2
TOTAL	**$ 104,902,219**	**$ 108,528,335**	**$ 108,912,157**	**$ 383,822**	**0.4 %**	**$ 108,076,788**	**$ 107,306,029**	**$ (770,759)**	**(0.7)%**
By Major Object of Expenditure:									
Salaries and Wages	$ 63,601,652	$ 64,123,661	$ 65,052,997	$ 929,336	1.4 %	$ 63,904,662	$ 63,889,819	$ (14,843)	(0.0)%
Contractual Services	32,033,028	35,559,654	35,655,163	95,509	0.3	35,217,106	35,212,213	(4,893)	(0.0)
Commodities	4,073,451	3,812,521	3,731,497	(81,024)	(2.1)	3,922,521	3,731,497	(191,024)	(4.9)
Capital Outlay	1,636,468	1,812,499	852,500	(959,999)	(53.0)	1,812,499	852,500	(959,999)	(53.0)
Debt Service	0	0	0	0	--	0	0	0	--
Subtotal - Operations	*$ 101,344,599*	*$ 105,308,335*	*$ 105,292,157*	*$ (16,178)*	*(0.0) %*	*$ 104,856,788*	*$ 103,686,029*	*$ (1,170,759)*	*(1.1)%*
Aid to Local Units	3,557,420	3,220,000	3,620,000	400,000	12.4	3,220,000	3,620,000	400,000	12.4
Other Assistance	200	0	0	0	--	0	0	0	--
TOTAL	**$ 104,902,219**	**$ 108,528,335**	**$ 108,912,157**	**$ 383,822**	**0.4 %**	**$ 108,076,788**	**$ 107,306,029**	**$ (770,759)**	**(0.7)%**
Financing:									
State General Fund	$ 15,961,409	$ 15,962,196	$ 16,061,282	$ 99,086	0.6 %	$ 15,340,649	$ 14,455,154	$ (885,495)	(5.8)%
Division of Vehicles Operating Fund	50,757,762	50,032,100	50,832,862	800,762	1.6	50,032,100	50,832,862	800,762	1.6
Electronic Databases Fee Fund	20,810,760	21,324,780	20,851,430	(473,350)	(2.2)	21,324,780	20,851,430	(473,350)	(2.2)
All Other Funds	17,372,288	21,209,259	21,166,583	(42,676)	(0.2)	21,379,259	21,166,583	(212,676)	(1.0)
TOTAL	**$ 104,902,219**	**$ 108,528,335**	**$ 108,912,157**	**$ 383,822**	**0.4 %**	**$ 108,076,788**	**$ 107,306,029**	**$ (770,759)**	**(0.7)%**

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A. FY 2021 – Current Year

Adjustments to Approved State General Fund Budget

The 2020 Legislature approved a State General Fund (SGF) budget of $16,027,478 for the Kansas Department of Revenue in FY 2021. Several adjustments have been made subsequently 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 $21,547, based on the reappropriation of FY 2020 funding that was not spent in FY 2020 and has shifted to FY 2021; and
- A decrease of $86,829 as the result of the Governor's July 1, 2020, SGF allotment.

These adjustments change the FY 2021 approved SGF amount to $15,962,196. That amount is reflected in the table below as the currently approved FY 2021 SGF amount.

CHANGE FROM APPROVED BUDGET

	Legislative Approved FY 2021	Agency Estimate FY 2021	Agency Change from Approved	Governor Rec. FY 2021	Governor Change from Approved
State General Fund	$ 15,962,196	$ 15,962,196	$ 0	$ 15,340,649	$ (621,547)
All Other Funds	92,506,875	92,566,139	59,264	92,736,139	229,264
TOTAL	**$ 108,469,071**	**$ 108,528,335**	**$ 59,264**	**$ 108,076,788**	**$ (392,283)**
FTE Positions	1,078.7	1,089.2	10.5	1,049.2	(29.5)

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The **agency** submits a revised estimated of $108.5 million, including $16.0 million SGF, in FY 2021. The request is an all funds increase of $59,264, or 0.1 percent, and no change in SGF. The budget includes $1.6 million in hardware and software implementation costs for the channel modernization project. The increases were partially offset by a reduction of $890,000 in Aid to Local Units of Government from the Special County Mineral Production Tax Fund, which receives an 8.0 percent excise tax on coal, oil, or gas produced in Kansas,a reduction of $323,186 in the motor vehicle division related to the sale of vehicle license tags and paper, and $150,000 in contract attorney expenditures.

The revised estimated includes 1,089.3 FTE positions, an increase of 10.6 FTE positions. The agency added 17.0 additional FTE positions in the Motor Vehicle Division for the Wichita West Driver's License location and 3.0 FTE roving positions in the Wichita region. The agency also added 4.0 FTE positions in the Tax Administration Division for information technology analysts who were transferred from Administration. The increases were partially offset by FTE position reductions in the Administration Division, mostly in Information Technology analysts.

The revised estimate is detailed below by category of expenditure:

- **Salaries and Wages.** The agency submits a revised estimate $64.1 million for salaries and wages, an increase of $146,321, or 0.2 percent, above the FY 2021 approved budget. The majority of the increase is in the Tax Administration Division, which added 4.4 FTE positions and the Motor Vehicles Division, which added 20.0 FTE positions. The increases are partially offset by a reduction in the Administration Division, which reduced FTE positions by 15.4 and expenditures for salaries and wages by $793,715 below the FY 2020 approved amount;

- **Contractual Services.** The agency submits a revised estimate of $35.6 million for contractual services, an increase of $572,031, or 1.6 percent, above the FY 2021 approved budget. The majority of the increase is in the Tax Administration Division ($472,665) and the Motor Vehicle Division ($146,147). The increase in Tax Administration is attributable to software implementation costs in the channel modernization project. The increases in the Motor Vehicle Division are attributable to building rental and maintenance ($142,050) and postage ($109,900), partially offset by a decrease in advertising ($50,000) and other fees ($71,200);

- **Commodities.** The agency submits a revised estimate of $3.8 million for commodities, a decrease of $323,186, or 7.8 percent, below the FY 2021 approved budget. The majority of the reduction was in the Motor Vehicle Division related to the sale of vehicle license tags and paper; and

- **Capital Outlay.** The agency submits a revised estimate of $1.8 million for capital outlay, an increase of $554,098, or 44.0 percent, above the FY 2021 approved budget. The increase is attributable to the Tax Administration Division for the channel modernization project.

- **Aid to Local Units of Government.** The agency submits a revised estimate of $3.2 million for aid to local units of government, a decrease of $890,000, or 21.7 percent, below the FY 2021 approved budget. The reduction is in the Special County Mineral Production Tax Fund, which receives an 8.0 percent excise tax on coal, oil, or gas produced in Kansas. The reduction is attributable to lowered demand and production.

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The **Governor** recommends expenditures of $108.1 million, including $15.3 million SGF, in FY 2021. The recommendation is an all funds decrease of $451,547, or 0.4 percent, and an SGF decrease of $621,547, or 3.9 percent, below the FY 2021 revised agency estimate. The Governor recommends deleting $218,999, or 0.3 percent, from the agency salaries and wages request by increasing the shrinkage rate. The recommendation also deletes $402,548 for out of state and international travel due to COVID-19 travel restrictions. The SGF reductions are partially offset by a federal funds increase of $170,000 in Coronavirus Relief Funds from the Office of Recovery. KDOR has indicated it plans to expend $60,000 in contractual services expenditures for cleaning and sanitizing of both employee and public facing facilities due to the COVID-19 pandemic; and $110,000 in commodities expenditures for personal protection equipment and thermal kiosks for employee temperature screenings.

The Governor recommends 1,049.2 FTE positions, a decrease of 40.0 FTE positions below the agency's FY 2021 revised estimate. The Governor states that KDOR has maintained

70.0 vacant and funded FTE positions to conform with shrinkage requirements and those positions should be eliminated. The reduction includes 15.0 FTE positions in the Motor Vehicle Division, 10.0 FTE positions in Administration, 10.0 FTE positions in Tax Administration, and 5.0 FTE positions in Property Valuation.

Governor's Allotments

On June 29, 2020, the Governor announced State General Fund allotments or reductions for FY 2021 of $374.5 million. Included in the Governor's allotted budget were $146.7 million in human services caseload adjustments, $79.3 million to delay the FY 2021 State Foundation Aid payment for K-12 Education, $46.7 million in reductions due to a suspension of KPERS Death and Disability contributions, and $101.8 million in other adjustments.

Allotments included in this document reduce the FY 2021 approved budget without any required Legislative approval and are included in the approved amounts in the table above. As it relates to this agency, the allotment adjustments totaled $86,829. The allotments applied to this agency are a reimbursement for SGF expended for Personal Protective Equipment and the reduction for employer contributions for KPERS Death and Disability.

GOVERNOR'S ALLOTMENTS

Allotment	SGF	All Funds	FTE
July Allotment			
KPERS D&D	$ (71,696)	$ (71,696)	0.0
Coronavirus Relief Fund Swap	(15,133)	(15,133)	0.0
TOTAL	**$ (86,829)**	**$ (86,829)**	**0.0**

B. FY 2022 – Budget Year

FY 2022 OPERATING BUDGET SUMMARY

	Agency Request	Governor's Recommendation	Difference
Total Request/Recommendation	$ 108,912,157	$ 107,306,029	$ (1,606,128)
FTE Positions	1,089.2	1,049.2	(40.0)
Change from FY 2021:			
Dollar Change:			
State General Fund	$ 99,086	$ (885,495)	
All Other Funds	284,736	114,736	
TOTAL	**$ 383,822**	**$ (770,759)**	
Percent Change:			
State General Fund	0.6 %	(5.8) %	
All Other Funds	0.3	0.1	
TOTAL	**0.4 %**	**(0.7) %**	
Change in FTE Positions	0.0	0.0	

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The **agency** requests $108.9 million, including $16.1 million SGF, for FY 2022. The request is an all funds increase of $383,822, or 0.4 percent, and an SGF increase of $99,086, or 0.6 percent, above the FY 2021 revised estimate. Salaries and wages expenditures increased by $929,336, including $636,450 SGF, due to salaries and wages fringe benefit expenditures and the end of the KPERS Death and Disability employer contributions suspension. The channel modernization project should be completed in FY 2021, which results in a reduction of $1.5 million in capital outlay and contractual services expenditures. The channel modernization project includes $100,000 in annual software and hardware maintenance fees in FY 2022. The reduction in the channel management project was offset by an increase in estimated Aid to Local Units of Government of $400,000 for the Special County Mineral Production Tax Fund. The request includes 1,089.3 FTE positions, the same number as the FY 2021 revised estimate.

The request is detailed below by category of expenditure:

- **Salaries and Wages.** The agency requests $65.1 million, including $10.6 million SGF, for salaries and wages. The salaries and wages request is an all funds increase of $929,336, or 1.4 percent, and an SGF increase of $636,450, or 6.4 percent, above the FY 2021 revised estimate. The increase is attributable to employer KPERS contributions ($423,637), group health insurance ($314,069), and a reduction in the shrinkage rate ($211,621);

- **Contractual Services.** The agency requests $35.7 million, including $5.2 million SGF, for contractual services. The contractual services request is an all funds increase of $95,523, or 0.3 percent, and an SGF decrease of $249,675, or 4.6 percent, from the FY 2021 revised estimate. The increase is attributable to building rental ($120,027), Office of Information Technology Services (OITS) fees ($88,173), staff services ($100,000), and postage ($95,175). The increases are partially offset by reductions in other professional fees in the Tax Administration Division for channel modernization;

- **Commodities.** The agency requests $3.7 million, including $125,940 SGF, for commodities. The commodities request is an all funds decrease of $81,024, or 2.1 percent, and an SGF increase of $2,708, or less than 0.1 percent, from the FY 2021 revised estimate. The decrease is attributable to vehicle license tag resale;

- **Capital Outlay.** The agency requests $852,500, including $115,612 SGF, for capital outlay. The capital outlay request is an all funds decrease of $959,999, or 53.0 percent, and an SGF decrease of $290,383, or 71.5 percent, below the FY 2021 revised estimate. The decrease is attributable to completion of the channel modernization project; and

- **Aid to Local Units of Government.** The agency requests $3.6 million, all from special revenue funds, for aid to local units of government, an increase of $400,000, or 12.4 percent, above the FY 2021 revised estimate. The increase is in the Special County Mineral Production Tax Fund, which receives an 8.0 percent excise tax on coal, oil, or gas produced in Kansas. The increase is attributable to increased estimated demand and production.

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The **Governor** recommends expenditures of $107.3 million, including $14.5 million SGF, for FY 2022. The recommendation is an SGF decrease of $1.6 million, or 10.0 percent, below the FY 2022 agency request. The decrease is attributable to the Governor's recommended adoption of the agency reduced resources proposal of $1.6 million, including $1.2 million in staff reductions and $442,950 in travel reductions.

The Governor recommends 1,049.2 FTE positions, a reduction of 40.0 FTE positions below the FY 2022 agency request. The recommendation carries forward the reduced staffing level recommendation from FY 2021.

FY 2022 Reduced Resources

FY 2022 REDUCED RESOURCES

Item	Agency Recommendation			Governor's Recommendation		
	SGF	All Funds	FTE	SGF	All Funds	FTE
Travel Reductions	$ (442,950)	$ (442,950)	0.0	$ (442,950)	$ (442,950)	0.0
Staff Reductions	(1,163,178)	(1,163,178)	0.0	(1,163,178)	(1,163,178)	0.0
TOTAL	**$ (1,606,128)**	**$ (1,606,128)**	**0.0**	**$ (1,606,128)**	**$ (1,606,128)**	**0.0**

The **agency** submits a reduced resource proposal totaling $1.6 million, all SGF, for FY 2022. The proposal includes travel reductions of $442,950 and staff reductions of $1.2 million. To achieve the proposal, the agency would eliminate all out of state travel and hold approximately 25 additional positions vacant in addition to the Department of Revenue's normal turnover, which would include delinquent tax collections staff, state tax auditors, and temporary staff used to open mail during tax filing season. The agency states holding these positions open for a long period of time will potentially cause decreased collections and delays in opening mail and depositing checks during the peak filing period.

The **Governor** recommends adoption of the agency's reduced resources proposal.

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Governor's Recommended Salary and Wage Adjustments

For FY 2022, the Governor recommends adding $31.5 million, including $11.3 million SGF, for a 2.5 percent state employee base pay adjustment. The plan would increase salaries for classified and unclassified employees in the Executive Branch, Legislative Branch, and Judicial Branch. Legislative and elected officials would be excluded from this salary adjustment. The funds would be appropriated to and certified for distribution by the State Finance Council if approved. Employees of state universities are also not included in the proposed pay plan; however, the Governor recommends adding $10.4 million, all SGF, to the university operating grants. This amount is equivalent to what the pay plan would have provided for university employees, but the funds are included in the Kansas Board of Regents budget for use at their discretion.

Longevity Bonus Payments. In FY 2021 and for FY 2022, the Governor recommends funding longevity bonus payments for eligible state employees at the statutory rate of $40 per year of service, with a 10-year minimum ($400) and a 25-year maximum ($1,000). Classified employees hired after June 15, 2008, are not eligible for longevity bonus payments. The estimated cost for the recommended FY 2021 payment is $3.0 million, including $1.1 million SGF. For FY 2022, the estimated cost is $3.1 million, including $1.1 million SGF. **For this agency, FY 2021 longevity payments total $135,679, including $20,755 SGF, and FY 2022 longevity payments total $137,679, including $20,403 SGF.**

Kansas Public Employees Retirement System (KPERS). The employer retirement contribution rate, including Death and Disability contributions, for the KPERS State and School Group is scheduled to be 14.23 percent in FY 2021 and 15.09 percent for FY 2022. The FY 2021 rate excludes the 1.0 percent KPERS Death and Disability contribution that is currently subject to a moratorium described below.

The Governor recommends the KPERS State and School Group be reamortized. The current amortization period was set by the Legislature in 1993 for 40 years. The Governor proposes the new amortization be set for 25 years beginning in FY 2022, an extension of 10 years to the current plan. Reamortization would reduce employer contributions for the KPERS State and School Group in the short term. It is estimated that resetting the amortization period to 25 years could produce budget savings of $177.3 million, including $158.7 million SGF, for FY 2022. The Governor's recommendation would also incorporate $25.8 million in KPERS layering payments into the amortization schedules. **No savings from this policy are currently included in this agency's budget.**

KPERS Death and Disability Group Insurance Fund. During FY 2021, a moratorium on employer contributions to the KPERS Death and Disability Group Insurance Fund was in effect. The fund had a sufficient balance to suspend payments on a temporary basis without affecting employee benefits. The moratorium was implemented *via* the Governor's allotment authority; therefore, the Legislative and Judicial branches are currently excluded from the moratorium. The total savings for the moratorium are estimated at $46.7 million in contributions from the SGF. Included in this amount were savings of approximately $40.3 million from KPERS School Group contributions in the Kansas State Department of Education budget. No similar moratorium is proposed for FY 2022, requiring the addition of $46.7 million to annualize the payments for the full fiscal year.

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Funding Sources

Funding Source	Agency Req. Percent of Total FY 2022	Gov. Rec. Percent of Total FY 2022
State General Fund	14.7 %	13.5 %
Division of Vehicles Operating Fund	46.7	47.4
Electronic Databases Fee Fund	19.1	19.4
All Other Funds	19.4	19.7
TOTAL	**100.0 %**	**100.0 %**

(*Note:* Totals may not add due to rounding.)

Division of Vehicles Operating Fund Analysis

The Division of Vehicles Operating Fund is funded through charges assessed for copies, fines, penalties, and forfeitures. The largest single source of revenue for the Division of Vehicles Operating Fund is from the State Highway Fund, which is made in quarterly transfers under annual appropriation acts.

Resource Estimate	Actual FY 2020	Agency Estimate FY 2021	Gov. Rec. FY 2021	Agency Request FY 2022	Gov. Rec. FY 2022
Beginning Balance	$ 1,663,854	$ 403,501	$ 403,501	$ 321,929	$ 321,929
Revenue	1,200,861	1,750,000	1,750,000	1,716,000	1,716,000
Transfers in	48,298,973	48,200,528	48,200,528	48,800,528	48,800,528
Funds Available	*$ 51,163,688*	*$ 50,354,029*	*$ 50,354,029*	*$ 50,838,457*	*$ 50,838,457*
Less:					
Expenditures	$ 50,757,762	$ 50,032,100	$ 50,032,100	$ 50,832,862	$ 50,832,862
Transfers Out	0	0	0	0	0
Off-Budget Expenditures	2,425	0	0	0	0
Ending Balance	**$ 403,501**	**$ 321,929**	**$ 321,929**	**$ 5,595**	**$ 5,595**
Ending Balance as Percent of Expenditures	0.8%	0.6%	0.6%	0.0%	0.0%
Month Highest Ending Balance	April $ 9,619,483	April $ 7,674,803	April $ 7,674,803	April $ 133,385	April $ 133,385
Month Lowest Ending Balance	September $ 0	September $ 0	September $ 0	September $ 0	September $ 0

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Electronic Databases Fee Fund Analysis

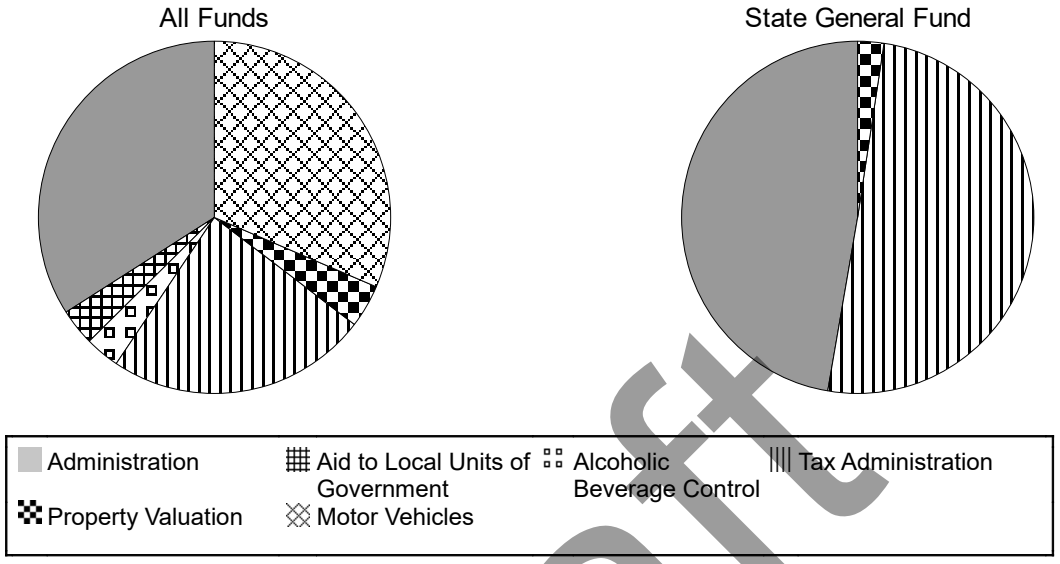
KSA 74-2022(a) authorizes the Secretary of Revenue to fix, charge, and collect fees to provide access to or furnish copies of data constituting public records in the vehicle information processing system, the Kansas Computer Assisted Mass Appraisal (CAMA) System, and other electronic database systems used by KDOR. Fees are fixed in order to recover all or part of the costs incurred to operate, maintain, and improve such database systems. Fees may also be used to fund general operating and administrative costs for the agency. The driver's license history record fees were increased in late FY 2018 to be more comparable with other states' fees for identical services.

Resource Estimate	Actual FY 2020	Agency Estimate FY 2021	Gov. Rec. FY 2021	Agency Request FY 2022	Gov. Rec. FY 2022
Beginning Balance	$ 5,202,011	$ 3,477,162	$ 3,477,162	$ 1,352,382	$ 1,352,382
Revenue	18,920,387	19,200,000	19,200,000	19,510,000	19,510,000
Transfers in	165,524	0	0	0	0
Funds Available	*$ 24,287,922*	*$ 22,677,162*	*$ 22,677,162*	*$ 20,862,382*	*$ 20,862,382*
Less:					
Expenditures	$ 20,810,760	$ 21,324,780	$ 21,324,780	$ 20,851,430	$ 20,851,430
Transfers Out	0	0	0	0	0
Off-Budget Expenditures	0	0	0	0	0
Ending Balance	**$ 3,477,162**	**$ 1,352,382**	**$ 1,352,382**	**$ 10,952**	**$ 10,952**
Ending Balance as Percent of Expenditures	16.7%	6.3%	6.3%	0.1%	0.1%
Month Highest Ending Balance	April $ 2,718,092	April $ 1,057,155	April $ 1,057,155	April $ 8,561	April $ 8,561
Month Lowest Ending Balance	August $ 934,925	August $ 363,623	August $ 363,623	August $ 2,945	August $ 2,945

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Expenditures by Program

Governor's FY 2022 Recommendation



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Program	Gov. Rec. All Funds FY 2022	Percent of Total	Gov. Rec. SGF FY 2022	Percent of Total
Administration	$ 36,531,044	34.0 %	$ 6,833,129	47.3 %
Aid to Local Units of Government	3,620,000	3.4	0	0.0
Alcoholic Beverage Control	3,406,937	3.2	0	0.0
Tax Administration	25,756,958	24.0	7,278,010	50.3
Property Valuation	4,253,464	4.0	344,015	2.4
Motor Vehicles	33,737,626	31.4	0	0.0
TOTAL	**$ 107,306,029**	**100.0 %**	**$ 14,455,154**	**100.0 %**

FTE POSITIONS BY PROGRAM FY 2020 – FY 2022

Program	Actual FY 2020	Agency Est. FY 2021	Gov. Rec. FY 2021	Agency Req. FY 2022	Gov. Rec. FY 2022
Administration	282.3	282.3	272.3	282.3	272.3
Aid to Local Units of Government	0.0	0.0	0.0	0.0	0.0
Alcoholic Beverage Control	39.8	39.8	39.8	39.8	39.8
Tax Administration	363.1	363.1	353.1	363.1	353.1
Property Valuation	40.1	40.1	35.1	40.1	35.1
Motor Vehicles	364.0	364.0	349.0	364.0	349.0
TOTAL	**1,089.2**	**1,089.2**	**1,049.2**	**1,089.2**	**1,049.2**

(*Note:* For purposes of this analysis, full-time equivalent (FTE) positions include non-FTE permanent unclassified positions but continue to exclude temporary employees. FTE positions reflect permanent state positions equating to a 40-hour work week.)

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A. Administration

The Administration Division is composed of the following areas:

- The **Office of the Secretary of Revenue** administers KDOR policies and procedures, media relations, and executive oversight of the agency's major programs; assists the Governor's Office and legislative staff with policy development and economic forecasting; coordinates media events; and generates press releases;

- The **Office of Financial Management** manages KDOR's fiscal systems and processes, including accounting, procurement, and budget functions; collects, reconciles, and distributes tax revenues daily to multiple funds at various state agencies; ensures compliance with state accounting statutes and regulations; and coordinates, directs, and accurately reports all agency financial transactions recorded in the state accounting system;

- The **Office of Personnel Services and Learning Center** provides human resource services, including payroll/benefits, employee relations, classification and compensation, personnel policy management, and recruitment; provides training for KDOR software applications, leadership development, and new hire orientation; and manages curriculum to remain compliant with federal Internal Revenue Service and Social Security Administration training requirements;

- The **Facility Operations** program is responsible for the ordering, receiving, and inventory control of all supplies, commodities, and capital outlay purchased by the agency, and for building lease administration, facilities management, and general support for more than 40 office locations throughout the state;

- The **Legal Services and Special Investigations** program provides legal advice and analysis to the Secretary of Revenue and department officials regarding agency contracts and legislative matters; represents the agency in litigation; acts

as the legal counsel for all administrative and court matters involving taxes, vehicle titles and registrations, driver's licenses, and personnel matters; and oversees the Office of Special Investigations, which conducts criminal and administrative investigations and provides fraud-related support to the Division of Vehicles and Division of Taxation. The Office of Special Investigations enforcement officers are certified law enforcement officers (KSA 75-5157);

- **Information Services** manages the overall planning, development, maintenance, computer processing, and support of the agency's information systems; works closely with the Office of Information Technology Services (OITS) for server and network operations, system enhancements and development, and statewide disaster recovery operations; and maintains the KDOR website and applications; and

- The **Office of Research and Analysis** provides professional research, statistical and economic analysis, educational presentations and publications, and additional services to the Secretary of Revenue, the Kansas Legislature, the citizens of Kansas, and local governments to aid in the implementation of federal, state, and local law; tracks revenue from all sources and estimates future revenue based on policy changes and prior data; and analyzes legislative proposals and prepares fiscal notes affecting KDOR.

PERFORMANCE MEASURES

Measure	Actual FY 2018	Actual FY 2019	Gov. Rec. FY 2020	Actual FY 2020	Gov. Rec. FY 2021	Gov. Rec. FY 2022
Fiscal Notes Completed	240	292	225	294	225	225
Percent of Fiscal Notes Completed within Five Working Days	73.0 %	80.0 %	80.0 %	80.0 %	80.0 %	80.0 %
Agency Expenditures						
All Funds (Dollars in Millions)	$ 29.2	$ 26.9	$ 37.5	$ 34.8	$ 36.3	$ 36.5
FTE Positions	187.9	297.6	297.6	282.3	272.3	272.3

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ADMINISTRATION PROGRAM
SUMMARY OF EXPENDITURES FY 2020 – FY 2022

Item	Actual FY 2020	Agency Est. FY 2021	Gov. Rec. FY 2021	Agency Req. FY 2022	Gov. Rec. FY 2022
Expenditures:					
Salaries and Wages	$20,582,502	$ 20,413,990	$ 20,194,991	$ 20,691,245	$ 20,301,083
Contractual Services	13,556,787	15,497,816	15,282,567	15,781,865	15,504,865
Commodities	261,287	229,320	339,320	229,145	229,145
Capital Outlay	410,662	505,701	505,701	495,951	495,951
Debt Service	0	0	0	0	0
Subtotal - Operations	*$34,811,238*	*$ 36,646,827*	*$ 36,322,579*	*$ 37,198,206*	*$ 36,531,044*
Aid to Local Units	0	0	0	0	0
Other Assistance	200	0	0	0	0
TOTAL	**$ 34,811,438**	**$ 36,646,827**	**$ 36,322,579**	**$ 37,198,206**	**$ 36,531,044**
Financing:					
State General Fund	$ 6,075,885	$ 7,442,500	$ 6,948,252	$ 7,500,291	$ 6,833,129
All Other Funds	28,735,553	29,204,327	29,374,327	29,697,915	29,697,915
TOTAL	**$ 34,811,438**	**$ 36,646,827**	**$ 36,322,579**	**$ 37,198,206**	**$ 36,531,044**
FTE Positions	282.3	282.3	272.3	282.3	272.3

The **agency** requests for FY 2022 $37.2 million, including $7.5 million SGF, an increase of $551,379, or 1.5 percent, above the FY 2021 revised estimate. The increase is attributable to $277,255 in salaries and wages from the end of the KPERS Death and Disability employer contributions suspension in FY 2021, an increase in group health insurance, and a reduction in shrinkage of $67,304. Contractual services increased by $284,049, or 1.8 percent, above the FY 2021 revised estimate. The increase in contractual services is mainly attributable to OITS fees ($88,422), staffing and recruiting for information technology personnel ($100,000), and banking transaction fees ($50,000).

The **Governor** recommends expenditures of $36.5 million, including $6.8 million SGF, for FY 2022. The recommendation is an SGF reduction of $667,162, or 8.9 percent, below the FY 2022 agency request. The decrease is attributable to a decrease of $390,162 in salaries and wages from increased shrinkage and $277,000 to eliminate out-of-state travel. The Governor recommends 272.3 FTE positions, a decrease of 10.0 FTE positions below the FY 2022 agency request.

B. Aid to Local Units of Government

The Department of Revenue distributes revenue from certain State-collected taxes, fees, and penalties to local units of government. Those distributions include sand royalties, full-privilege license plates to manufacturers and dealer license fees, mineral severance taxes, and taxes on controlled substances.

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PERFORMANCE MEASURES

Measure	Actual FY 2018	Actual FY 2019	Gov. Rec. FY 2020	Actual FY 2020	Gov. Rec. FY 2021	Gov. Rec. FY 2022
Percent of Aid Payments Distributed on Schedule	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %
Agency Expenditures						
All Funds (Dollars in Millions)	$ 3.6	$ 4.7	$ 4.1	$ 3.6	$ 3.2	$ 3.6
FTE Positions	0.0	0.0	0.0	0.0	0.0	0.0

AID TO LOCALS PROGRAM
SUMMARY OF EXPENDITURES FY 2020 – FY 2022

Item	Actual FY 2020	Agency Est. FY 2021	Gov. Rec. FY 2021	Agency Req. FY 2022	Gov. Rec. FY 2022
Expenditures:					
Salaries and Wages	$ 0	$ 0	$ 0	$ 0	$ 0
Contractual Services	0	0	0	0	0
Commodities	0	0	0	0	0
Capital Outlay	0	0	0	0	0
Debt Service	0	0	0	0	0
Subtotal - Operations	*$ 0*	*$ 0*	*$ 0*	*$ 0*	*$ 0*
Aid to Local Units	3,557,420	3,220,000	3,220,000	3,620,000	3,620,000
Other Assistance	0	0	0	0	0
TOTAL	**$ 3,557,420**	**$ 3,220,000**	**$ 3,220,000**	**$ 3,620,000**	**$ 3,620,000**
Financing:					
State General Fund	$ 0	$ 0	$ 0	$ 0	$ 0
All Other Funds	3,557,420	3,220,000	3,220,000	3,620,000	3,620,000
TOTAL	**$ 3,557,420**	**$ 3,220,000**	**$ 3,220,000**	**$ 3,620,000**	**$ 3,620,000**
FTE Positions	0.0	0.0	0.0	0.0	0.0

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The **agency** requests for FY 2022 $3.6 million, all from special revenue fund, an increase of $400,000, or 12.4 percent, above the FY 2021 revised estimate. The increase is fully attributable to the Special County Mineral Production Tax Fund, which receives an 8.0 percent excise tax on coal, oil, or gas produced in Kansas. The increase is associated with an estimated increase in production.

The **Governor** concurs with the agency's FY 2022 request.

C. Alcoholic Beverage Control

The Alcoholic Beverage Control (ABC) program regulates all phases of the manufacture, distribution, sale, and possession of alcohol in Kansas. This program encompasses many duties, including the following:

- Protects the public health, safety, and welfare through effective regulation of the liquor industry;
- Ensures businesses who import alcoholic liquor or cereal malt beverages meet statutory licensing requirements;

- Provides information to licensees on how to remain in compliance;
- Enforces the Liquor Control Act and the Club and Drinking Establishment Act;
- Educates liquor licensees on current laws and regulations;
- Detects and resolves licensee violations and provides support for licensee investigations;
- Provides training to local law enforcement agencies on underage drinking investigations, identifying fake IDs, and over-service violations; and
- Partners with grassroots organizations interested in protecting the safety of youth related to alcohol products.

PERFORMANCE MEASURES

Measure	Actual FY 2018	Actual FY 2019	Gov. Rec. FY 2020	Actual FY 2020	Gov. Rec. FY 2021	Gov. Rec. FY 2022
Number of random controlled buys performed for the sale of alcohol to underage persons	390	380	500	404	612	612
Compliance rate for controlled buys for the sale of alcohol to underage persons	80.0 %	87.0 %	85.0 %	85.0 %	85.0 %	85.0 %
Agency Expenditures						
All Funds (Dollars in Millions)	$ 3.0	$ 3.0	$ 3.3	$ 3.1	$ 3.4	$ 3.4
FTE Positions	36.8	39.0	39.0	39.8	39.8	39.8

ALCOHOLIC BEVERAGE CONTROL PROGRAM
SUMMARY OF EXPENDITURES FY 2020 – FY 2022

Item	Actual FY 2020	Agency Est. FY 2021	Gov. Rec. FY 2021	Agency Req. FY 2022	Gov. Rec. FY 2022
Expenditures:					
Salaries and Wages	$ 2,525,316	$ 2,587,995	$ 2,587,995	$ 2,597,137	$ 2,597,137
Contractual Services	440,829	555,400	555,400	563,400	563,400
Commodities	43,074	75,000	75,000	76,000	76,000
Capital Outlay	118,648	168,400	168,400	170,400	170,400
Debt Service	0	0	0	0	0
Subtotal - Operations	*$ 3,127,867*	*$ 3,386,795*	*$ 3,386,795*	*$ 3,406,937*	*$ 3,406,937*
Aid to Local Units	0	0	0	0	0
Other Assistance	0	0	0	0	0
TOTAL	**$ 3,127,867**	**$ 3,386,795**	**$ 3,386,795**	**$ 3,406,937**	**$ 3,406,937**
Financing:					
State General Fund	$ 0	$ 0	$ 0	$ 0	$ 0
All Other Funds	3,127,867	3,386,795	3,386,795	3,406,937	3,406,937
TOTAL	**$ 3,127,867**	**$ 3,386,795**	**$ 3,386,795**	**$ 3,406,937**	**$ 3,406,937**
FTE Positions	39.8	39.8	39.8	39.8	39.8

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The **agency** requests for FY 2022 $3.4 million, all from special revenue funds, an increase of $20,142, or 0.6 percent, above the FY 2021 revised estimate. The increase is attributable to salary and wage fringe benefits expenditures for group health insurance and

KPERS ($9,142), contractual service travel expenditures ($4,000), job training ($3,000), gasoline ($1,000), and increased costs for vehicle replacement ($2,000).

The **Governor** concurs with the agency's FY 2022 request.

D. Tax Administration

Tax Administration has the largest operating budget for a division within KDOR. The Division of Taxation Administration administers almost all state taxes, including individual and corporate income, retail sales and compensating use, mineral severance, motor fuel, cigarette, and alcoholic beverage excise taxes. The Division also administers the Homestead Property Tax and Food Sales Tax refunds. For local governments, the Division administers retail sales, compensating use, liquor excise, and transient guest taxes.

To carry out these duties, the Division of Taxation Administration is composed of the following departments:

- The **Tax Operations Administration** provides management and oversight to the entire Division and administers tax laws for the State of Kansas;

- The **Customer Relations** program provides effective account management to promote voluntary compliance with state laws through education and customer service; operates the Taxpayer Assistance Center, which is responsible for processing and completing all business registrations/tax applications; and serves walk-in customers with tax questions;

- The **Cigarette and Tobacco Enforcement Team** protects minors through education and assistance to tobacco licensees; conducts statewide cigarette and tobacco enforcement activities aimed at reducing sales of cigarettes and tobacco products to minors; and ensures compliance with terms of the Master Settlement Agreement, federal Food and Drug Administration guidelines, and the Synar Amendment;

- The **Revenue Recovery Bureau** is responsible for helping Kansas taxpayers understand their tax obligations, collects all types of delinquent taxes, maintains agency-level accounts receivable reporting, and is the administrator of the statewide tax clearance program;

- **Field Services** assists, educates, and encourages customers to comply with Kansas tax laws and seeks resolution of tax debts that have not been resolved through the front-end collections process, and conducts field investigations and on-site visits, collects delinquent taxes and missing returns, and pursues civil tax enforcements;

- **Business Support Services** defines, implements, and supports the movement of information to and collects information and payments from KDOR customers, and extracts information from web-based software, tax filing applications, reports for remitting payments and fees, and paper-to-digital conversion of all paper returns, documents, and payments received; and

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- **Audit Services** conducts audits to identify and substantiate the under-reporting of Kansas taxes and examines tax returns and supporting documentation through several processes.

PERFORMANCE MEASURES

Measure	Actual FY 2018	Actual FY 2019	Gov. Rec. FY 2020	Actual FY 2020	Gov. Rec. FY 2021	Gov. Rec. FY 2022
Percent of Individual Income Tax Returns Received Electronically	88.0 %	88.0 %	89.0 %	89.0 %	89.0 %	89.0 %
Amount of Delinquent Tax Collections (Dollars in Millions)	$ 182.9	$ 193.7	$ 200.0	$ 162.8	$ 180.0	$ 185.0
Compliance Rate for Controlled Buys for the Sale of Cigarettes and Tobacco Products to Minors	93.0 %	94.0 %	90.0 %	95.0 %	90.0 %	90.0 %
Agency Expenditures						
All Funds (Dollars in Millions)	$ 39.5	$ 53.4	$ 28.2	$ 28.7	$ 27.9	$ 25.8
FTE Positions	430.6	358.6	358.6	363.1	353.1	353.1

TAX ADMINISTRATION PROGRAM
SUMMARY OF EXPENDITURES FY 2020 – FY 2022

Item	Actual FY 2020	Agency Est. FY 2021	Gov. Rec. FY 2021	Agency Req. FY 2022	Gov. Rec. FY 2022
Expenditures:					
Salaries and Wages	$20,356,698	$ 20,316,857	$ 20,316,857	$ 20,584,825	$ 19,811,809
Contractual Services	7,775,643	6,589,190	6,488,491	5,774,397	5,635,048
Commodities	224,976	250,000	250,000	256,851	256,851
Capital Outlay	306,650	878,649	878,649	53,250	53,250
Debt Service	0	0	0	0	0
Subtotal - Operations	*$28,663,967*	*$ 28,034,696*	*$ 27,933,997*	*$ 26,669,323*	*$ 25,756,958*
Aid to Local Units	0	0	0	0	0
Other Assistance	0	0	0	0	0
TOTAL	**$28,663,967**	**$ 28,034,696**	**$ 27,933,997**	**$ 26,669,323**	**$ 25,756,958**
Financing:					
State General Fund	$ 8,641,695	$ 8,046,906	$ 7,946,207	$ 8,190,375	$ 7,278,010
All Other Funds	20,022,272	19,987,790	19,987,790	18,478,948	18,478,948
TOTAL	**$28,663,967**	**$ 28,034,696**	**$ 27,933,997**	**$ 26,669,323**	**$ 25,756,958**
FTE Positions	363.1	363.1	353.1	363.1	353.1

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The **agency** requests for FY 2022 $26.7 million, including $8.2 million SGF, which is an all funds decrease of $1.4 million, or 4.9 percent, and an SGF increase of $143,469, or 1.8 percent, from the FY 2021 revised estimate. The all funds reduction is attributable to the end of the start up phase of the channel modernization project expected to be completed in FY 2021, which results in a reduction of $1.5 million in capital outlay and contractual services expenditures. That reduction is partially offset by an increase of $267,968, or 1.3 percent, in salaries and wages. The increase in salaries and wages is predominantly related to group health insurance ($112,673) and employer contributions for KPERS ($132,057).

The **Governor** recommends expenditures of $25.8 million, including $7.3 million SGF, for FY 2022. The recommendation is an SGF decrease of $912,365, or 11.1 percent, below the

FY 2022 agency request. The reduction is attributable to a decrease of $773,016 in salaries and wages from increased shrinkage and $139,349 from the elimination of out-of state-travel. The Governor recommends 353.1 FTE positions, a decrease of 10.0 FTE positions below the FY 2022 agency request.

E. Property Valuation

The Property Valuation Division works to promote accurate, uniform appraisals and compliance with the property assessment laws and rules of the State. The Division is organized into three bureaus: Administration, State Appraisal, and County Assistance.

The **Administration Bureau** provides overall direction and policy guidelines for the Division and the counties. It administers the eligibility standards for county appraisers and provides education for counties and the public. The Computer Assisted Mass Appraisal (CAMA) System is the responsibility of the Administration Bureau.

The **State Appraisal Bureau** centrally assesses public utilities and motor carriers; the Bureau publishes valuation guidelines used by the counties to assess oil and gas properties, as well as personal property.

The **County Assistance Bureau** provides technical assistance to the county appraisers and publishes data on overall uniformity and accuracy of appraisals.

PERFORMANCE MEASURES

Measure	Actual FY 2018	Actual FY 2019	Gov. Rec. FY 2020	Actual FY 2020	Gov. Rec. FY 2021	Gov. Rec. FY 2022
Number of Counties with Qualified Appraisers	101	102	105	105	105	105
Percent of Residential Valuations Meeting State Appraisal Statistical Compliance Standards*	99.9 %	99.0 %	99.0 %	99.0 %	99.0 %	99.0 %
Percent of Commercial Valuations Meeting State Appraisal Statistical Compliance Standards	93.6 %	95.0 %	95.0 %	95.0 %	95.0 %	95.0 %
Agency Expenditures						
All Funds (Dollars in Millions)	$ 3.8	$ 4.0	$ 4.4	$ 4.1	$ 4.2	$ 4.3
FTE Positions	37.5	39.5	39.5	40.1	35.1	35.1

* The Governor's Office does not utilize this measure for evaluation purposes.

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PROPERTY VALUATION PROGRAM
SUMMARY OF EXPENDITURES FY 2020 – FY 2022

Item	Actual FY 2020	Agency Est. FY 2021	Gov. Rec. FY 2021	Agency Req. FY 2022	Gov. Rec. FY 2022
Expenditures:					
Salaries and Wages	$ 2,663,703	$ 2,595,736	$ 2,595,736	$ 2,624,564	$ 2,624,564
Contractual Services	1,469,215	1,588,398	1,561,798	1,618,401	1,591,800
Commodities	13,805	20,101	20,101	20,101	20,101
Capital Outlay	1,139	16,999	16,999	16,999	16,999
Debt Service	0	0	0	0	0
Subtotal - Operations	*$ 4,147,862*	*$ 4,221,234*	*$ 4,194,634*	*$ 4,280,065*	*$ 4,253,464*
Aid to Local Units	0	0	0	0	0
Other Assistance	0	0	0	0	0
TOTAL	**$ 4,147,862**	**$ 4,221,234**	**$ 4,194,634**	**$ 4,280,065**	**$ 4,253,464**
Financing:					
State General Fund	$ 1,243,829	$ 472,790	$ 446,190	$ 370,616	$ 344,015
All Other Funds	2,904,033	3,748,444	3,748,444	3,909,449	3,909,449
TOTAL	**$ 4,147,862**	**$ 4,221,234**	**$ 4,194,634**	**$ 4,280,065**	**$ 4,253,464**
FTE Positions	40.1	40.1	35.1	40.1	35.1

The **agency** requests for FY 2022 $4.3 million, including $370,616 SGF, which is an all funds increase of $58,831, or 1.4 percent, and an SGF reduction of $102,174, or 21.6 percent, from the FY 2021 revised estimate. The increase is attributable to expenditures for employer contributions for KPERS ($17,491) and group health insurance ($11,708). The Division also had increased licensing/support fees of $30,000 for the mass appraisal system, CAMA, and the Open Records for Kansas Appraisers (ORKA), which provides public access to property data.

The Department of Revenue increased utilization of the Division of Vehicles Operating Fund for this program while reducing reliance on the SGF, which accounts for the reduction in SGF expenditures.

The **Governor** recommends expenditures of $4.3 million, including $344,015 SGF, for FY 2022. The recommendation is an SGF-only decrease of $26,601, or 7.2 percent, below the agency's FY 2022 request. The reduction is attributable to a decrease of $26,601 from the elimination of out-of-state travel. The Governor recommends 35.1 FTE positions, a decrease of 5.0 FTE positions from the FY 2022 agency request.

F. Motor Vehicles

The Division of Motor Vehicles administers Kansas law relating to vehicle titling and registration, motor vehicle dealer licensing, and the issuance, maintenance, and renewal of driver’s licenses.

To carry out these duties, the Division of Vehicles is composed of three departments: Administration, Vehicle Services, and Driver Services.

The **Administration** department provides management and oversight of the Division, grants and contract management, and quality assurance for Division of Vehicles call centers.

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The **Vehicle Services** department administers Kansas law relating to vehicle titling and registration of all motor vehicles, automobile dealers and salespersons, and registration of commercial motor vehicles; issues certificates of title, records/verification requests, disabled placards, and specialty and personalized license plates; provides support to all 105 county treasurers who act as agents of the State in processing vehicle titles and registrations; maintains the Motor Vehicle System and administers the Kansas Web Tags application for online vehicle registration renewals; licenses and monitors approximately 2,500 new and used vehicle dealerships, 5,000 salespersons, and 300 manufacturers, distributors, converters, and manufactured home dealers for compliance with federal and state statutory requirements; processes lien and lien releases related to dealers and the public; processes vehicle registration for all commercial vehicles, issues oversize/overweight and other temporary permits required by law, and administers policies and procedures established by the International Registration Plan (IRP).

The **Driver Services** department conducts driver's license examinations required for the issuance and renewal of driver's licenses and includes the commercial driver's license program; issues identification documents according to federal and state guidelines; and processes maintenance of driving privileges and the suspension, revocation, and reinstatement of licenses for traffic-related violations and medical reasons.

PERFORMANCE MEASURES

Measure	Actual FY 2018	Actual FY 2019	Gov. Rec. FY 2020	Actual FY 2020	Gov. Rec. FY 2021	Gov. Rec. FY 2022
Percent of vehicle registration renewals processed online or through mobile applications	-- %	22.8 %	-- %	32.5 %	32.5 %	32.5 %
Average Customer Wait Time at the Ten Largest Driver's License Offices (In Minutes)	34:55	20:43	20:00	10:30	9:50	9:00
Total Transactions at State Driver's License Offices	819,267	723,175	832,000	539,140	739,000	730,000
Agency Expenditures						
All Funds (Dollars in Millions)	$ 29.0	$ 29.5	$ 33.8	$ 30.6	$ 33.0	$ 33.7
FTE Positions	305.0	344.0	344.0	364.0	349.0	349.0

AVERAGE WAIT TIME AT LARGEST DRIVER'S LICENSE STATIONS

Location	CY 2018 Actual	CY 2019 Actual	CY 2020 Actual	CY 2021 Estimate
Andover	36:00	19:00	26:00	15:00
Derby	14:00	9:00	10:00	10:00
Kansas City	40:00	26:00	32:00	10:00
Lawrence	N/A	24:00	21:00	10:00
Manhattan	55:00	24:00	27:00	10:00
Mission	19:00	19:00	22:00	15:00
Olathe	32:00	15:00	16:00	15:00
Overland Park	N/A	9:00	15:00	15:00
Topeka	27:00	17:00	15:30	15:00
Wichita Twin Lakes	N/A	31:00	15:30	15:00
Wichita West	N/A	N/A	30:00	15:00

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MOTOR VEHICLES PROGRAM
SUMMARY OF EXPENDITURES FY 2020 – FY 2022

Item	Actual FY 2020	Agency Est. FY 2021	Gov. Rec. FY 2021	Agency Req. FY 2022	Gov. Rec. FY 2022
Expenditures:					
Salaries and Wages	$17,473,433	$ 18,209,083	$ 18,209,083	$ 18,555,226	$ 18,555,226
Contractual Services	8,790,554	11,328,850	11,328,850	11,917,100	11,917,100
Commodities	3,530,309	3,238,100	3,238,100	3,149,400	3,149,400
Capital Outlay	799,369	242,750	242,750	115,900	115,900
Debt Service	0	0	0	0	0
Subtotal - Operations	*$ 30,593,665*	*$ 33,018,783*	*$ 33,018,783*	*$ 33,737,626*	*$ 33,737,626*
Aid to Local Units	0	0	0	0	0
Other Assistance	0	0	0	0	0
TOTAL	**$30,593,665**	**$ 33,018,783**	**$ 33,018,783**	**$ 33,737,626**	**$ 33,737,626**
Financing:					
State General Fund	$ 0	$ 0	$ 0	$ 0	$ 0
All Other Funds	30,593,665	33,018,783	33,018,783	33,737,626	33,737,626
TOTAL	**$30,593,665**	**$ 33,018,783**	**$ 33,018,783**	**$ 33,737,626**	**$ 33,737,626**
FTE Positions	364.0	364.0	349.0	364.0	349.0

The **agency** requests for FY 2022 $33.7 million, all from special revenue funds, which is an increase of $717,843, or 2.2 percent, above the FY 2021 revised estimate.

The increase is attributable to $346,143, or 1.9 percent, in increased salaries and wages expenditures. The salaries and wages increase is related to increased expenditures for group health insurance ($99,405) and employer contributions for KPERS ($120,208). The agency also reduced shrinkage for the Division by $131,774. The agency increased the estimate for contractual services by $588,250, or 5.2 percent, above the FY 2021 revised estimate. Building rental expenditures increased by $80,000 above the FY 2021 revised estimate. The increases are related to a new location in Salina and additional square footage in Phillipsburg, Garden City, and Ottawa. The agency also has increased contractual service fees for licensing and support fees for the Kansas Commercial Vehicle Registration System (KCoVRS) cashiering system and the Q-Flow queuing system.

The increases are partially offset by reductions in commodities of $88,700, or 2.7 percent, and capital outlay of $126,850, or 52.3 percent, below the FY 2021 revised estimate. The commodities reduction is related to vehicle license tag resale. The capital outlay reduction is attributable to one-time costs to start up the Wichita West license office.

The **Governor** concurs with the agency's request for FY 2022 with the exception of also recommending the elimination of 15.0 vacant FTE positions. The Governor recommends 349.0 FTE positions for FY 2022.

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