

KANSAS DEPARTMENT OF REVENUE

Budget Committee Report

KLRD Analyst: Kleespie
KLRD Summary: Vol. 1, Pg. 244

DOB Analyst: Tomb
GBR Analysis: Vol. 2, Pg. 110

Executive Summary

Summary of Total Expenditures, FY 2023 – FY 2027					
	SGF	All Other Funds	Total	FTE Positions	
FY 2023 Actual	\$ 17,375,218	\$ 105,078,235	\$ 122,453,453	1,049.2	
FY 2024 Actual	16,670,224	108,963,586	125,633,810	1,039.2	
FY 2025 Actual	17,614,033	114,586,953	132,200,986	1,049.8	
FY 2026					
Approved, with Reappropriations	\$ 19,195,366	\$ 109,562,558	\$ 128,757,924	1,039.2	
Agency Revised Estimate	19,195,366	117,127,254	136,322,620	1,049.8	
Special Committee on the State Budget	19,178,324	109,666,435	128,844,759	1,039.2	
House Committee of the Whole	19,178,324	109,666,435	128,844,759	1,039.2	
Senate Committee of the Whole	19,178,324	109,666,435	128,844,759	1,039.2	
Conference Committee*	-	-	-	-	
Governor's Recommendation	19,195,366	116,271,047	135,466,413	1,049.8	
FY 2027					
FY 2026 Approved, without Reappropriations	\$ 19,178,580	\$ 109,562,558	\$ 128,741,138	1,039.2	
Agency Request	19,362,871	117,898,289	137,261,160	1,050.2	
Special Committee on the State Budget	19,096,322	112,181,289	131,277,611	1,039.2	
House Committee of the Whole	19,096,322	112,181,289	131,277,611	1,021.2	
Senate Committee of the Whole	19,096,322	112,181,289	131,277,611	1,039.2	
Conference Committee*	-	-	-	-	
Governor's Recommendation	19,362,871	117,898,289	137,261,160	1,050.2	

* Note : This committee has not taken action on this agency's budget yet.

The Kansas Department of Revenue collects taxes and fees, administers Kansas tax laws, issues a variety of licenses, and provides assistance to Kansas citizens and units of government. The agency 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.
- **Motor Vehicles** issues titles, registers vehicles, and licenses drivers.
- **Property Valuation** appraises state property and exercises supervision over local appraisers.
- **Tax Administration** manages and enforces the major state taxes and conducts a program of audits to identify and substantiate under-reporting of Kansas taxes.

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FY 2026

Summary of Legislative Recommendations, FY 2026				
	SGF	All Other Funds	Total	FTE Positions
Approved, with Reappropriations	\$ 19,195,366	\$ 109,562,558	\$ 128,757,924	1,039.2
Agency Revised Estimate	19,195,366	117,127,254	136,322,620	1,049.8
Special Committee on the State Budget (SBC)				
<i>Change from Agency Revised Estimate</i>	\$ (17,042)	\$ (7,460,819)	\$ (7,477,861)	(10.6)
TOTAL – Special Committee	\$ 19,178,324	\$ 109,666,435	\$ 128,844,759	1,039.2
House Committees				
General Government Budget	\$ -	\$ -	\$ -	-
Appropriations	-	-	-	-
Committee of the Whole	-	-	-	-
<i>Subtotal – House Change from SBC</i>	\$ -	\$ -	\$ -	-
TOTAL – Current House Position	\$ 19,178,324	\$ 109,666,435	\$ 128,844,759	1,039.2
Senate Committees				
Assessment and Taxation	\$ -	\$ -	\$ -	-
Ways and Means	-	-	-	-
Committee of the Whole	-	-	-	-
<i>Subtotal – Senate Change from SBC</i>	\$ -	\$ -	\$ -	-
TOTAL – Current Senate Position	\$ 19,178,324	\$ 109,666,435	\$ 128,844,759	1,039.2
Legislative Approved				
Conference Committee	\$ -	\$ -	\$ -	-
Governor's Vetoes	-	-	-	-
Veto Overrides	-	-	-	-
<i>Subtotal – Approved Change from SBC</i>	\$ -	\$ -	\$ -	-
GRAND TOTAL – Final Approved	\$ 19,178,324	\$ 109,666,435	\$ 128,844,759	1,039.2

* Note : This committee has not taken action on this agency's budget yet.

Agency

The **agency** requests a revised estimate of \$136.3 million, including \$19.2 million SGF, in expenditures and 1,049.8 FTE positions in FY 2026. This represents an increase of \$7.6 million, or 5.9 percent above the approved amount by the 2025 legislature.

The revised estimate includes the following SGF reappropriations:

- \$17,042 SGF to reappropriate funding in FY 2026.
- \$256 SGF for a 1.5 percent SGF lapse within **state operations** in FY 2026.

The request includes three enhancement requests:

- **Legislative Pay Increase Shortfall:** \$920,819, all from the Division of Vehicles Operating Fund, to provide the legislative pay increase as outlined in 2025 SB 125 in FY 2026.

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- **Digital License Plates and Postage:** \$4.0 million, all from the Division of Vehicles Operating Fund, for increased production costs related to digital license plate conversion and distribution in FY 2026.
- **Driver's License and ID Cards:** \$2.5 million, all from the Division of Vehicles Operating Fund, for Driver's License and ID Cards in FY 2026.

Other Additions in the revised estimate include the following:

- Add \$1.5 million, all from special revenue funds, for **operating expenditures** in FY 2026.
- Delete \$923,558, all from special revenue funds, for **salaries and wages** in FY 2026.
- Delete \$458,709, all special revenue funds, for **aid to locals** in FY 2026.
- Add 10.6 FTE positions for **all other adjustments** in FY 2026.

Special Committee on the State Budget

The **Special Committee** concurs with the agency's revised estimate with the following adjustments:

1. Delete \$17,042 SGF to lapse reappropriated funding in FY 2026.
2. Delete \$920,819, all from the Division of Vehicles Operating Fund, to provide the **legislative pay increase** as outlined in 2025 SB 125 in FY 2026.
3. Delete \$4.0 million, all from the Division of Vehicles Operating Fund, for increased production costs related to **digital license plates and postage** in FY 2026.
4. Delete \$2.5 million, all from the Division of Vehicles Operating Fund, for **Driver's License and ID Cards** in FY 2026.
5. Delete 10.6 FTE positions for **all other adjustments** in FY 2026.

House Committees

House Committee on General Government Budget

The **House Budget Committee** concurs with the Special Committee's recommendation in FY 2026.

House Committee on Appropriations

The **House Committee** concurs with the House Budget Committee's recommendation in FY 2026.

House Committee of the Whole

The **House Committee of the Whole** concurs with the Committee's recommendation in FY 2026.

Senate Committees

Senate Committee on Assessment and Taxation

The **Senate Committee on Assessment and Taxation** concurs with the Special Committee's recommendation with the following adjustment:

1. Add language to create a Taxpayer Advocate position using existing funds and a vacant FTE position in FY 2026.

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Senate Committee on Way and Means

The **Senate Committee** concurs with the Senate Committee on Assessment and Taxation's recommendation with the following adjustment:

1. Add language in FY 2026 instructing the Kansas Department of Revenue to determine rental car company compliance with the international registration plan and any registration, apportionment or fee remittance obligations owed to the State of Kansas.

Senate Committee of the Whole

The **Senate Committee of the Whole** concurs with the Committee's recommendation with the following adjustment:

1. Add language requiring the agency to disclose the dollar amount offered and claimed, payroll incentives, training incentives, and relocation incentives for the **Investment Tax Credit** in the Department of Commerce's transparency database in FY 2026.

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FY 2027

Summary of Legislative Recommendations, FY 2027				
	SGF	All Other Funds	Total	FTE Positions
FY 2026 Approved, without Reappropriations	\$ 19,178,580	\$ 109,562,558	\$ 128,741,138	1,039.2
Agency Request	19,362,871	117,898,289	137,261,160	1,050.2
Special Committee on the State Budget (SBC)				
<i>Change from Agency Request</i>	\$ (266,549)	\$ (5,717,000)	\$ (5,983,549)	(11.0)
TOTAL – Special Committee	\$ 19,096,322	\$ 112,181,289	\$ 131,277,611	1,039.2
House Committees				
General Government Budget	\$ -	\$ -	\$ -	(18.0)
Appropriations	-	-	-	-
Committee of the Whole	-	-	-	-
<i>Subtotal – House Change from SBC</i>	\$ -	\$ -	\$ -	(18.0)
TOTAL – Current House Position	\$ 19,096,322	\$ 112,181,289	\$ 131,277,611	1,021.2
Senate Committees				
Assessment and Taxation	\$ 5,000,000	\$ -	\$ 5,000,000	-
Ways and Means	(5,000,000)	-	(5,000,000)	-
Committee of the Whole	-	-	-	-
<i>Subtotal – Senate Change from SBC</i>	\$ -	\$ -	\$ -	-
TOTAL – Current Senate Position	\$ 19,096,322	\$ 112,181,289	\$ 131,277,611	1,039.2
Legislative Approved				
Conference Committee	\$ -	\$ -	\$ -	-
Governor's Vetoes	-	-	-	-
Veto Overrides	-	-	-	-
<i>Subtotal – Approved Change from SBC</i>	\$ -	\$ -	\$ -	-
GRAND TOTAL – Final Approved	\$ 19,096,322	\$ 112,181,289	\$ 131,277,611	1,039.2

* Note : This committee has not taken action on this agency's budget yet.

Agency

The **agency** requests \$137.3 million, including \$19.4 million SGF, in expenditures and 1,050.2 FTE positions for FY 2027. This represents an increase of \$8.6 million, or 6.7 percent above the approved amount by the 2025 legislature.

The request includes two enhancement requests:

- **Digital License Plates and Postage:** \$4.0 million, all from the Division of Vehicles Operating Fund, for increased production costs related to digital license plate conversion and distribution for FY 2027.
- **Driver's License and ID Cards:** \$1.7 million, all from the Division of Vehicles Operating Fund, for Driver's License and ID Cards for FY 2027.

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Other Additions to the request include the following:

- Add \$767,041, all from special revenue funds, for **salaries and wages** for FY 2027.
- Add \$266,549 SGF to restore the FY 2026 1.5% SGF lapse for FY 2027
- Add \$2.2 million, all from special revenue funds, for **operating expenditures** for FY 2027.
- Delete \$458,709, all special revenue funds, for **aid to locals** for FY 2027.
- Add 11.0 FTE positions for **all other adjustments** for FY 2027.

Special Committee on the State Budget

The **Special Committee** concurs with the agency request with the following adjustments:

1. Delete \$266,549 SGF intended to restore the FY 2026 1.5 percent SGF lapse for FY 2027.
2. Delete \$4.0 million, all from the Division of Vehicles Operating Fund, for increased production costs related to **digital license plates and postage** for FY 2027.
3. Delete \$1.7 million, all from the Division of Vehicles Operating Fund, for **Driver's License and ID Cards** for FY 2027.
4. Delete 11.0 FTE positions for **all other adjustments** for FY 2027.

House Committees

House Committee on General Government Budget

The **House Budget Committee** concurs with the Special Committee's recommendation with the following adjustments:

1. Delete 18.0 vacant FTE positions for FY 2027.
2. Add language to implement a \$10 fee associated with the costs of postage and production of personalized and specialized license plates to the individual purchaser and removing costs from the Kansas Department of Revenue for FY 2027.

House Committee on Appropriations

The **House Committee** concurs with the House Budget Committee's recommendation for FY 2027.

House Committee of the Whole

The **House Committee of the Whole** concurs with the Committee's recommendation for FY 2027.

Senate Committees

Senate Committee on Assessment and Taxation

The **Senate Committee on Assessment and Taxation** concurs with the Special Committee's recommendation with the following adjustments:

1. Add language to implement an \$11 fee associated with the costs of postage and production of personalized and specialized license plates to the individual purchaser and removing costs from the Kansas Department of Revenue for FY 2027.

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2. Add language to create a Taxpayer Advocate position using existing funds and a vacant FTE position for FY 2027.
3. Add language to adjust the \$4 Modernization Surcharge to \$1 and divert the transfer of that amount from the State Highway Fund to the County Treasurers for FY 2027.
4. Add \$5.0 million SGF to the Kansas Department of Revenue for FY 2027.
5. Add language to specify that the additional \$5.0 million SGF added to the Kansas Department of Revenue's budget be transferred to the University of Kansas Medical Center to cover the cost of employee parking for FY 2027.

Senate Committee on Way and Means

The **Senate Committee** concurs with the Senate Committee on Assessment and Taxation's recommendation with the following adjustments:

1. Delete language to implement an \$11 fee associated with the costs of postage and production of personalized and specialized license plates to the individual purchaser and removing costs from the Kansas Department of Revenue for FY 2027.
2. Delete language to adjust the \$4 Modernization Surcharge to \$1 and divert the transfer of that amount from the State Highway Fund to the County Treasurers for FY 2027.
3. Delete \$5.0 million SGF to the Kansas Department of Revenue for FY 2027.
4. Delete language to specify that the additional \$5.0 million SGF added to the Kansas Department of Revenue's budget be transferred to the University of Kansas Medical Center to cover the cost of employee parking for FY 2027.
5. Add language to implement a \$10 fee associated with the costs of postage and production of all license plates to the individual purchaser and remove costs from the Kansas Department of Revenue for FY 2027.

Senate Committee of the Whole

The **Senate Committee of the Whole** concurs with the Committee's recommendation with the following adjustment:

1. Add language to implement an \$11 fee associated with the costs of postage and production of personalized and specialized license plates to the individual purchaser and remove costs from the agency for FY 2027.
2. Add language requiring the agency to disclose the dollar amount offered and claimed, payroll incentives, training incentives, and relocation incentives for the **Investment Tax Credit** in the Department of Commerce's transparency database for FY 2027.