

Budget Narrative

State of Kansas

Agency: Board of Tax Appeals

**BOARD OF TAX APPEALS
Budget Narrative
Fiscal Years 2025 and 2026**

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The mission of the Kansas Board of Tax Appeals (Board) is to provide a fair and impartial forum for the resolution of disputes between taxpayers and taxing entities and to provide taxpayers with a neutral interpretation of the tax laws of the state of Kansas. *See* K.S.A. 74-2433(g).

AGENCY PHILOSOPHY

The Board is the highest administrative tribunal to hear appeals relating to ad valorem (property), income, sales, compensating use, and inheritance taxes, along with other matters involving taxation by state and local taxing authorities. The Board is committed to accomplishing its mission in a highly efficient and professional manner, using all available technology and human resources to meet the public's needs. The Board strives to advance its mission and philosophy through providing sound leadership, both within and outside the agency, to enhance independent, efficient, and professional decision-making and promote certainty in state tax law. The Board also continuously seeks to improve its work processes and information technology systems to meet the changing needs of its stakeholders. Finally, the Board endeavors to collect input from its stakeholders on Board processes and to collaborate with those stakeholders, when appropriate, to increase the efficiency of the tax appeal system and improve user experience.

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GENERAL INFORMATION

The Board is a specialized administrative law tribunal within the executive branch of state government. It was established on July 1, 2014. The Board's enabling statutes are found at K.S.A. 74-2433 et seq. Among the Board's predecessors in authority were the Tax Commission, the Public Service Commission, the State Commission of Revenue and Taxation, the Board of Tax Appeals and, most recently, the Court of Tax Appeals (COTA).

The Board is comprised of two divisions, the regular division and the small claims and expedited hearings division (commonly referred to as the small claims division). Three Board members preside over the regular division. The small claims division is supervised by the Chief Hearing Officer, who also serves as Board member *pro tempore* in regular division proceedings.

The members, including the Chief Hearing Officer, are appointed by the Governor subject to Senate confirmation, and serve four-year, staggered terms. One member must be an attorney licensed in Kansas with at least five years of experience as an attorney or judge, one must be a certified public accountant with at least five years of active practice experience, and one must be a certified general real property appraiser. Each member, including the Chief Hearing Officer, must have legal, tax, accounting or appraisal training and experience. No more than two of the members may be of the same political party, and no more than one member may be appointed from any one congressional district of Kansas. The Board is subject to the Kansas Supreme Court's Code of Judicial Conduct.

By statute the Board shall appoint an executive director, subject to approval by the Governor. Non-statutory positions at the Board include an IT systems manager, general counsel, two staff attorneys, and seven full-time administrative support staff. In all, the Board's authorized staff consists of 16 FTE positions, including the four Board members. (Organizational chart attached hereto as Appendix A.)

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Regular Division

The statutory jurisdiction of the Board's regular division includes the following:

- Appeals from determinations by the Secretary of Revenue or the Secretary's designee, including the Director of Taxation and the Director of Property Valuation;
- Applications for no fund warrants and tax levy increases;
- Tax grievances including requests for correction of clerical errors and irregularities;
- Tax protests;
- Tax equalization appeals;
- Tax exemption applications;
- Economic development tax exemption applications;
- Industrial Revenue Bond exemption applications;
- Personal property penalty waiver requests;
- County-wide and district-wide reappraisal appeals;
- Homestead property tax refund appeals
- Appeals from school districts with declining enrollments;
- Appeals from taxpayers challenging a governing body's tax rate in excess of the revenue neutral rate.

As a quasi-judicial body, the Board has no investigative or regulatory authority. The Board's regular division hearing procedures are controlled by the Kansas Administrative Procedures Act (KAPA), Kansas Code of Civil Procedure, Kansas Rules of Evidence, and the Board's administrative regulations. Unlike most administrative bodies, the Board is not a party in actions before it; nor is it a party in any action for judicial review of its orders. The Board is the only non-judicial branch entity in the state with members bound by the Kansas Supreme Court Code of Judicial Conduct, which promotes an "independent, impartial, and competent judiciary,

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composed of men and women of integrity.” See Kansas Supreme Court Rules Relating to Judicial Conduct, Preamble.

In September 2010, the Board (then COTA) enacted permanent procedural rules and regulations, along with a new filing fee schedule. The 2010 rule changes were the product of extensive collaboration with stakeholders through the Bench and Bar Committee. One year later, in September 2011, the Board (then COTA) again amended its filing fee schedule to address a budgetary shift away from state general funding to filing fee funding beginning in FY 2011.

Small Claims and Expedited Hearings Division

The purpose of the small claims and expedited hearings division is to provide a convenient, informal, and expeditious hearing process for single-family residential properties, small commercial properties, and less complex Division of Taxation cases. Small claims jurisdiction may be either optional or mandatory, depending on the type of appeal and amount in controversy:

Residential Appeals. All appeals involving valuation of single-family residential property must be made initially to the small claims division.

Commercial Appeals. At the election of the taxpayer, the small claims division has jurisdiction over: (1) appeals from a decision of the Division of Taxation where the amount of tax in controversy does not exceed \$15,000, and (2) appeals involving valuation of commercial property appraised at less than \$3 million, excluding property devoted to agricultural use.

Small claims hearings are not held "on the record," and no transcript of small claims proceedings is kept. Final decisions of the small claims division may be appealed to the Board's regular division. If appealed, small claims decisions are heard *de novo* by the regular division, which means the Board members do not review the small claims decision for error but instead hear and decide the case anew. The small claims process is subject to various statutory deadlines designed to ensure expedited processing and case disposition.

The Chief Hearing Officer oversees the small claims division, as well as appoints and supervises contract hearing officers who preside over small claims hearings. The Chief Hearing Officer also sits as member pro tempore in regular division cases when there is a vacancy on the Board or when a member is not available because of recusal, disqualification, or a scheduling conflict. The Chief Hearing Officer for the small claims division is located within the Board's offices in Topeka, where all docketing, scheduling, certification, and other administrative work is performed. The

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administrative functions of both the regular division and the small claims division of the Board are consolidated to maximize economies of scale. The Board's regular division, however, does not direct or control hearing procedures or outcomes in the small claims division and its members do not participate in small claims hearings in order to maintain the regular division's impartiality and neutrality with respect to matters appealed to it.

OVERVIEW

Five major legislative changes have shaped the structure and function of this agency over the past three decades. The first was statewide reappraisal in 1990, which resulted in a three-fold increase in the agency's caseload. During reappraisal, staffing was increased to as many as 50 FTE positions.

The second was the creation of a small claims state-level tax appeals process in 1999. The purpose of that legislation was to provide taxpayers with a fair and impartial forum to resolve less complicated tax disputes more quickly and with less expense.

The third legislative change occurred in 2008, when the Board of Tax Appeals was abolished and replaced with the Court of Tax Appeals (COTA). A number of substantive changes were also made to the state tax appeals process at that time, including an omission of the intermediate district court appeal alternative, which made COTA the final trier of fact and court of record for all Kansas state and local tax matters. Under the 2008 legislation, appeals from all final orders issued by COTA were reviewed directly by the Kansas Court of Appeals.

The fourth major legislative change was House Substitute for SB 231, which was signed into law May 14, 2014. That legislation substantially affected the powers, duties, and functions of the agency, as follows:

- The Court of Tax Appeals was abolished, and the Board of Tax Appeals reinstated.
- The Board was required to render and serve a written summary decision within 14 days of hearing for all property tax matters heard in the regular division. Parties were allowed to request a full and complete opinion within 14 days of receipt of the summary, which the Board was obligated to provide within 90 days of the request.

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- The right to appeal to the District Court for a *de novo* hearing was reinstated, such that an aggrieved party could seek redress from either the District Court or Court of Appeals.
- One Board member was required to be a certified general real property appraiser.
- Certain preliminary education requirements were established for all non-appraiser Board members appointed after June 30, 2014. For those non-appraiser Board members, salaries would be capped at the amounts paid to an administrative law judge until such time as the preliminary education requirements were met.
- Governmental entities, not-for-profits valued under \$100,000 and single-family residential filings were exempted from the filing fee requirement.
- The Board was prohibited from determining who may sign appeal forms, who may represent taxpayers, what constitutes the unauthorized practice of law, and whether contingency fee arrangements are a violation of public policy.

Most recently, Senate Substitute for House Bill No. 2239 became effective July 1, 2022. HB 2239 amended K.S.A 2021 Supp. 79-2988 to establish a process governing bodies must follow to enact tax rate in excess of the revenue neutral rate. The statute, as amended, established a “revenue neutral rate complaint” by which an aggrieved taxpayer can challenge a governing body’s action. No filing fee is assessed for this type of complaint. The Board is directed to receive the complaint and, upon summary decision or hearing, determine whether the governing body complied with the appropriate procedure and whether a refund or reduction of levied taxes is appropriate.

Over the years the Agency has faced numerous reorganizations and budget cuts but has been able to fulfill its mission and maintain—and in many areas improve upon—operations by adapting its strategies, business rules, and technologies. It is important to note that a key factor in these successes has been a core group of talented and devoted people working through difficult times with clarity of purpose and commitment to public service.

GOALS, OBJECTIVES AND STRATEGIES

The Board’s principal goal is to hear, decide, or otherwise assist in resolving appeals and applications in a fair, timely, and judicious manner, in accordance with the record evidence and governing legal standards.

Objectives: The objectives established to reach this principal goal are as follows:

- Maintain a steady, consistent, and manageable case flow by hearing cases as soon as practical and by issuing timely written decisions.
- Provide fair and transparent tax appeal and application processes in as convenient a manner as possible.
- Enhance and foster a culture of professionalism for the Board and its operations.
- Continuously improve the quality of written decisions in both divisions.
- Ensure accessibility to the Agency’s services for all stakeholders.

Strategies: The strategies adopted to attain the above objectives are as follows:

- Utilize technology and case management techniques to the greatest extent possible to improve access, service, and professional quality.
- Build into our Board management system a meaningful and consistent way to measure performance.
- Maintain and refine detailed pre-hearing processes in complex residential and commercial cases to clarify legal issues, identify matters amenable to consolidation, and encourage early resolution of disputes.
- Provide continuing education and other job-related training for small claims hearing officers, staff attorneys, and Board members in the areas of

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administrative law and procedure, evidence, legal writing, appraisal theory, and taxation.

- Recruit and retain small claims hearing officers and staff with good written and oral communication skills and, in addition, experience in administrative law and practice, appraisal theory, and taxation.
- Provide professional training for agency administrative staff, where appropriate, in areas such as leadership, use of technology, knowledge of state systems, disaster preparedness, continuity of operations, and office best practices.

OUTPUT MEASURES

The case types listed in the first column of the following tables are as follows: Division of Taxation (DT), Economic Development Exemption (EDX), Equalization (EQ), Industrial Revenue Bond (IRB), Industrial Revenue Bond Exemption (IRBX), No Fund Warrant (NFW), Protest (PR), Property Valuation (PV), Tax Grievance (TG), Tax Exemption (TX)

Regular Division Filings. The table below shows the number of filings, broken down by type, docketed and processed by the regular division of the Board since FY 2019.

Case Type	FY19	FY20	FY21	FY22	FY23	FY24	FY25	FY26
DT	12	32	9	9	2	5	7	7
EDX	21	9	18	12	16	15	15	15
EQ	1,842	2,024	2,318	2,022	2,321	2,534	2,292	2,292
IRB	62	76	64	75	75	76	75	75
IRBX	41	26	33	36	48	38	41	41
MRP	6	0	0	0	0	0	0	0
NFW	0	5	1	0	0	0	0	0
PR	291	260	271	130	137	293	187	187
PV	11	8	10	11	10	12	11	11
TG	99	48	56	35	48	49	44	44
TX	1,993	2,058	1,851	1,977	1,908	2,238	2,041	2,041
Other	8	6	2	1	2	16	6	6
Total	4,386	4,552	4,633	4,308	4,567	5,276	4,719	4,719

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Small Claims Filings. The table below shows the number of filings, broken down by type, in the small claims division since FY 2019 and projections through FY 2026.

Cases	FY19	FY 20	FY 21	FY 22	FY 23	FY 24	FY 25	FY 26
DT	7	10	10	4	0	3	4	4
EQ	2,013	2,500	2,500	1,852	2,467	2,038	2,214	2,214
PR	521	500	500	193	283	371	337	337
Total	2,541	3,010	3,010	2,049	2,750	2,412	2,555	2,555

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Aggregate Filings. The table below shows the aggregate number of filings in both the regular and small claims divisions since FY 2019 and provides projections through FY 2026.

	FY19	FY20	FY21	FY22	FY23	FY24	FY25	FY26
Small Claims	2,989	3,146	2,541	2,049	2,750	2,412	2,555	2,555
Regular Division	4,386	4,552	4,633	4,308	4,567	5,276	4,719	4,719
Total Filings	7,375	7,698	7,174	6,357	7,317	7,688	7,274	7,274

Regular Division Cases Closed. The table below shows the number of regular division cases, broken down by type, closed since FY 2019 and provides projections through FY 2026.

Case Type	FY19	FY20	FY21	FY22	FY23	FY24	FY25	FY26
DT	15	24	6	13	22	1	10	10
EDX	16	11	16	14	15	16	17	17
EQ	1,209	1,210	1,407	1,076	2,700	1,925	2,400	2,400
IRB	57	77	58	73	72	76	80	80
IRBX	47	10	53	38	35	48	48	48
MRP	11	5	0	0	0	0	0	0
NFW	0	5	1	0	2	0	0	0
PR	367	163	248	216	280	217	340	340
PV	8	2	1	16	14	0	10	10
TG	99	63	28	58	80	56	61	61
TX	2,115	1,219	1,998	2,052	2,100	1,434	2,900	2,900
Other	8	7	8	1	6	14	8	8
Total	3,952	2,791	3,824	3,557	5,326	3,787	5,874	5,874

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Small Claims Cases Closed. The table below shows the number of small claims cases, broken down by type, closed since FY 2019 and provides projections through FY 2026.

Case Type	FY19	FY20	FY21	FY22	FY23	FY24	FY25	FY26
DT	10	11	8	5	0	2	4	4
EQ	1,939	2,055	2,447	1,707	1,836	2,804	2,214	2,214
PR	457	365	612	230	178	412	337	337
Total	2,406	2,431	3,067	1,942	2,014	3,218	2,555	2,555

Aggregate Cases Closed. The table below shows the aggregate number of cases closed in both the regular and small claims divisions since FY 2019 and provides projections through FY 2026.

	FY19	FY20	FY21	FY22	FY23	FY24	FY25	FY26
Small Claims	2,406	2,431	3,067	1,942	2,014	3,219	2,555	2,555
Regular Division	3,952	2,791	3,824	3,557	5,235	3,787	5,874	5,874
Total Filings	6,358	5,222	6,891	5,499	7,249	7,006	8,429	8,429

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Clearance rates are one measure that can help determine how well the Board is managing the flow of cases. Clearance rates are expressed as percentages calculated by dividing the number of outgoing (or closed) cases by the number of incoming (or docketed) cases. The Board strives to maintain clearance rates as close to 100 percent as possible, as clearance rates below 100 percent may result in backlogs.

Regular Division Clearance Rates

	FY19	FY20	FY21	FY22	FY23	FY24	FY25	FY26
Incoming cases	4,386	4,552	4,633	4,308	4,567	5,276	4,719	4,719
Outgoing cases	3,952	2,791	3,824	3,557	5,235	3,787	5,874	5,874
Clearance rate	90%	61%	86%	83%	114%	72%	124%	124%

Small Claims Division Clearance Rates

	FY19	FY20	FY21	FY22	FY23	FY24	FY25	FY26
Incoming cases	2,989	3,146	2,541	2,049	2,750	2,412	2,555	2,555
Outgoing cases	2,367	2,431	3,067	1,942	2,014	3,218	2,555	2,555
Clearance rate	80%	77%	121%	95%	73%	133%	100%	100%

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Other outcome measures assess the speed of processing and disposition. The small claims division outcome measures are expressed in different terms than the regular division outcome measures because of specific abbreviated statutory deadlines imposed on the small claims processes compared to regular division processes.

Regular Division

K.S.A.74-2426(a) requires the Board to issue a summary decision within 14 days from the date a matter has been fully submitted, unless the parties agree to waive the 14-day deadline or the Board determines that good cause exists to extend the deadline. After receipt of the summary decision, any party may request a full and complete written opinion from the Board within 21 days from the date of the summary decision is certified. The full and complete opinion must be issued by the Board within 90 days of the request.

The bulk of regular division cases subject to the above statutory requirement are equalization or protest matters. The following table sets forth the number and timeliness of written decisions in equalization (EQ) and payment under-protest (PR) appeals (including both residential and commercial) that were heard by the Board.

Regular Division Statutory Deadlines - K.S.A. 74-2426(a)

	FY 19	FY 20	FY 21	FY 22	FY 23	FY 24	FY 25	FY 26
Number of Cases Heard	715	309	522	637	288	405	463	463
Number of Cases w/14 Day Summary Decisions Issued	661	166	490	415	238	405	463	463
Number of 14-Day Summary Decisions Issued Timely	660	166	458	377	215	400	463	463
Percent of 14-Day Summary Decisions Issued Timely	100%	100%	93%	91%	90%	99%	100%	100%
Number of Cases w/ Full Opinions Issued	85	183	253	124	59	34	70	70
Number of Full Opinions Issued Timely	83	180	252	124	55	33	70	70
Percent of Full Opinions Issued Timely	98%	98%	100%	100%	93%	97%	100%	100%

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The following table sets forth the average number of days it took the Board's regular division to close all case types docketed in FY 2019 through FY 2024. The cases have been separated into five types: Division of Taxation appeals, Tax Exemptions, Tax Grievances, Residential Appeals, and Commercial Appeals. The table also provides projections through FY 2026.

Number of Days to Close All Case Types in Regular Division

	FY 19	FY 20	FY 21	FY 22	FY 23	FY 24	FY 25	FY 26
Division of Taxation	86	80	154	464	903	12	450	450
Tax Exemptions	58	78	151	153	149	202	250	250
Tax Grievances	94	171	140	224	171	161	75	75
Residential	158	178	285	265	459	227	180	180
Commercial	364	353	384	483	621	535	485	485

Small Claims

The following table sets forth outcome measures for the small claims division. These measures track how long it takes the small claims division to complete the various phases of the small claims process: docketing, scheduling and disposition.

Small Claims Statutory Deadlines -- K.S.A. 74-2433(f)

	FY 19	FY 20	FY 21	FY 22	FY 23	FY 24	FY 25	FY 26
Average days between filing and hearing. (The Small Claims hearing shall be conducted within 60 days from the date of the filing.)	40	54	59.75	53	57	50	<60	<60
Average number of days between hearing and decision. (The Small Claim hearing decision must be rendered within 30 day of the hearing).	19	28	27	25	28	24	<30	<30
Number of cases where decision was certified more than 30 days after hearing	6	42	26	115	102	351	<30	<30

The Board notes that due to the County's deadline on valuations, the majority of small claims appeals received by the Board each year are received in April, May, and June. Of the 2,412

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small claims appeals received in FY24, 532 were received in April 2024, 459 were received in May 2024, and 1,153 – or nearly half of the total number of appeals – were received in June 2024.

For reference, of the 2,412 appeals received in FY24, the top four counties of origin were:

- Johnson County – 576
- Morris County – 345
- Sedgwick County – 448
- Wyandotte County – 608

While the Board's experience is that most counties stagger their informal decision mailing dates, certain counties mail all informal hearing results to taxpayers on the same date. The result is that every taxpayer then has the same statutory appeal window, causing an even higher influx of appeals within the 30 days after the informal mailing date. The statutory deadlines for completion of informal hearings and submission of appeals to the Board's small claims division, combined with the impact of county-specific practices with respect to mailing informal hearing decisions, means that the small claims division staff and hearing officers face an enormous challenge to schedule all of the small claims hearings within 60 days of filing and certify the result within 30 days of the hearing.

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The Board currently funds its operations through two sources, the state general fund and the Board's filing fee fund.

State General Fund

The Board's base for state general funds allocation in FY 2010 was \$1,376,801, which totaled 78 percent of the Board's total budget. Since FY 2010, the Board's base from state general fund has substantially decreased. Presently in FY 2025 the Board's approved base from the state general fund is 56 percent of the Board's total budget. In FY 2026 the Board's current allocation from the state general fund accounts for 57 percent of the total base budget.

The Board acknowledges that competing policy considerations affect the desirability of funding the Board through filing fees. On one hand, the tax appeal process arises pursuant to constitutional rights and statutory obligations and protects the overall integrity of the state's various taxation structures. User fees might be less desirable in this case, because the Board's services are based upon obligations owed to Kansas citizens at large. On the other hand, a predominant number of users of the Board's services are distinct taxpayers with individual and particularized concerns who seek resolution of issues that may have singular benefit to those taxpayers. In that instance, user fees may be more desirable to offset government costs in providing services that benefit only those individual taxpayers. The Board notes that each appeal filed, regardless of its final outcome, requires an investment of staff time to receive, process, docket, and otherwise shepherd the appeal through to its ultimate result. Given the countervailing considerations at play, the Legislature has established a funding approach over the last several years that aims to reach a reasonable and acceptable balance.

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Filing Fee Fund

The Board is required by statute to charge and collect filing fees established through its rules and regulations. K.S.A. 74-2438a. The filing fee fund was established to defray all, or a portion of, the costs incurred in processing appeals and applications. *See id.* The Board’s filing fee schedule can be found at K.A.R. § 94-5-8.

In the first year of the fund’s existence (FY 2004), filing fee collections totaled \$171,749. Since FY 2004 the Board’s Filing Fee Fund limitations have steadily increased, requiring the Board to submit, and obtain approval from the Legislature, for filing fee increases in FY 2011, FY 2012, and FY 2014. The Board is still using the filing fees established in FY 2014.

In FY 2023 the Board Filing Fee Fund had collected revenue of \$949,575, with a Filing Fee Fund limitation of \$1,166,398.

The Board estimates overall filing fee fund revenues of \$950,000 yearly for both FY 2025 and FY 2026. The approved filing fee fund limitation amount for FY 2025 is \$1,070,941, and FY 2026 is \$1,103,069.

The Board routinely collects less filing fees than its limitation. At the current rate of imbalance, the Board’s filing fee fund will be depleted by May 2029. (The July 1, 2025 balance is the actual balance after payment of all encumbered FY24 expenses.)

	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
Balance July 1	\$857,826	\$736,885	\$583,816	\$397,655	\$177,409
Expenditures (-)	-\$1,070,941	-\$1,103,069	-\$1,136,161	-\$1,170,246	-\$1,205,353
Filing Fee (+)	\$950,000	\$950,000	\$950,000	\$950,000	\$950,000
Balance	\$736,885	\$583,816	\$397,655	\$177,409	*(\$77,944)

*Filing Fee funding for FY 2029 will be depleted by May 2029.

SUPPLEMENTAL CHANGE REQUEST

The Board has always endeavored to be mindful of its requests to the Legislature for additional funding from the State General Fund, as well as conscientious of its use of those funds. It makes every effort to meet its Filing Fee Fund limitation each year and to stay under its SGF limitation. There are circumstances, however, where the Board finds that in order to fulfill its mandate from the Legislature, as set forth in 74-2433, et seq., it must make investments in infrastructure and/or personnel. The Legislature is aware that in recent years the Board has sought funding, both through ARPA/SPARK as well as through SGF, to upgrade its technology infrastructure. Investment in technology that improves the accessibility of information and agency records, streamlines appeal processes, and facilitates easier use of the appeal process by taxpayers and taxing entities will pay dividends in the speed with which BOTA can process appeals as well as user satisfaction with the process. Technology, however, can only go so far when the Board's very mission – to serve as a fair and impartial arbiter of taxation disputes – relies upon human judgment. It is with careful deliberation that the Board requests increases for funding in two areas: hiring of additional small claims hearing officers and increases to the salaries of the Board's general counsel and staff attorneys.

The Need for Additional Small Claims Hearing Officers

As the Legislature can see from the performance measures detailed above, the Board's small claims division received over 2,400 appeals in FY24. Those appeals were heard and decided in FY24 by the Board's three staff attorneys, three contract hearing officers, and the Board's Chief Hearings Officer. Those seven individuals invested over 955 hours collectively in the hearing of these matters. Of those total hours, the Board's three staff attorneys provided over 507 hours of hearing time. It should be noted that these hours include only time spent in the hearings themselves, not the time these individuals spent reviewing evidence, writing opinions, or doing other tasks associated with the job.

Further, as the Legislature can see from the small claims performance measures, 2,144 of the Board's 2,412 small claims appeals in FY24 were received in April, May, and June. Statutorily imposed deadlines mean that these matters must not only be scheduled for a hearing but *actually heard* within 60 days of receipt of the appeal, and then a decision served within 30 days of the hearing. The sheer volume of appeals received in these three months and the time it takes to schedule, hear, and render opinions on these hearings essentially means that the Board's staff and attorneys have very little time available during the summer months to do anything other than process small claims appeals. In the past, the Board has been able to temporarily alleviate some of the staff burden by hiring temporary workers to assist with menial tasks during these months using funds available from unfilled FTEs. The Board does not anticipate that funding source will be available in future summers. Further, in 2024 the Board lost a long-time staff attorney with over 30 years of experience with the Board. Even

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when the Board fills this position with a new attorney, it is unlikely the Board will find someone who has the training and expertise necessary to handle a full hearing load immediately.

The Board's experience over the past several years has shown that its ability to process regular division cases during the "small claims season" suffers significantly because its staff attorneys are so involved in hearing small claims matters. Not only do these staff attorneys have less time and resources available to work on other matters, but they are unavailable or difficult to schedule to assist with regular division hearings. Undoubtedly these factors all contribute to greater than necessary resolution times for matters in the regular division.

After extensive analysis, the Board has determined that the overall operation of both the small claims and regular division would be improved if the Board transitions hearing of its small claims cases away from its staff attorneys to contracted hearing officers. Not only would this shift alleviate the burdens discussed above, but it would remove the potential of conflict of interests with staff attorneys working on cases where they served as small claims hearing officers – thus protecting the impartiality of the Board's regular division. Rather than seek an additional full-time position, however, the Board has determined that an additional \$30,000 would be sufficient to allow it to transition nearly all of its small claims hearings to qualified hearing officers, rather than staff attorneys. Therefore, the Board requests an additional \$30,000 in SGF be added to its budget permanently to support operations in the Board's small claims division.

The Need for Attorney Investment

The Board's mission relies upon the hard work of many talented, dedicated individuals who do their jobs with the utmost integrity and respect for the Agency's role. The Board's general counsel and staff attorneys, in particular, are integral to the Board's ability to fulfill its mission. Not only do these individuals currently serve as hearing officers for small claims, they provide research and briefing support to the Board Members, work closely with administrative staff on case management, prepare draft orders, advise the Board on legal issues, review agency contracts, ensure that case records are correctly maintained, stay abreast of changes in case law, track the progress of appeals and remands through other courts, and many more duties than can be detailed here. These individuals are not just highly competent and conscientious attorneys, they are trained and well-versed in appraisal theory and other issues of state and local taxation that are extremely specific and unique to tax appeals. This type of knowledge and expertise is not something that any attorney would walk out of law school with, or even out of prior work experience with; it must be developed and honed over time. And, once the agency has made a significant investment in both time and money for its attorneys to develop this expertise, the agency has a vested interest in ensuring that those attorneys stay, rather than using that expertise to find more lucrative employment elsewhere.

Budget Narrative

State of Kansas

Agency: Board of Tax Appeals

Not only do the Board’s general counsel and staff attorneys deserve to be rewarded for their expertise and efforts, but the Board’s research shows that its current salaries for these positions lag behind state averages. The Board’s current general counsel salary is \$98,514. The Board has studied ten agencies that are comparable in terms of the type of work performed, nature of the expertise necessary to fill that role, or general staff size, and found the average general counsel salary to be \$129,904, a difference of over \$30,000. The Board currently has two staff attorney positions: a senior staff attorney, with a salary of \$95,776, and a staff attorney with a salary of \$88,652. A study of the same ten agencies revealed an average staff attorney salary of \$89,429. While the Board’s staff attorney positions are closer to the average than its general counsel position, the Board notes again the unique nature of its requirements and its vested interest in recruiting and retaining qualified staff attorneys.

After careful consideration, the Board has determined that an increase of \$25,000 is necessary to bring its General Counsel salary closer to the average of its peer state agencies, as well as make a small increase in the base salary of its staff attorney positions.

SUPPLEMENTAL CHANGE PACKAGE FOR FY 2025

For the foregoing reasons, the Board requests a Supplemental Change Package for FY 2025 as follows:

a) \$30,000 per year to allow the Board’s small claims division to hire additional contract hearing officers and/or additional temporary staff to alleviate the burden on agency staff and the Board’s regular division processes created by the extremely concentrated nature of small claims filings;

b) \$25,000 per year to increase the salary of the Board’s general counsel and staff attorneys to a level commensurate with the knowledge, skill, training and expertise required for the role and to bring the salaries in line with similar positions within the state.

TOTAL COST ***\$55,000***

Budget Narrative

State of Kansas

Agency: Board of Tax Appeals

CURRENT YEAR AND BUDGET YEAR INFORMATION

Expenditure Justification: Object Codes 5100-5190—Salaries and Wages

Salaries and wages constitute 80% of the agency budget. By statute, the Board member positions, including the Chief Hearing Officer, are tied to the statutory level of compensation for state district court judges. See K.S.A. § 74-2434. The Board continues to assess job duties, and employees are cross trained to promote workforce versatility. Expenditures under this account include funding 16 FTE positions.

Actual Expenditures FY 2024: \$ 1,742,140

Current Year Estimate FY 2025 \$ 1,990,881. This does not include the additional \$25,000 requested for salary increases.

FY 2025 Supplemental Change Package: \$25,000 from SGF to increase salary of the Board's General Counsel and staff attorneys.

Budget Year FY 2025: \$2,096,504. This does not include the additional funding requested for salary increases.

Budget Narrative

State of Kansas

Agency: Board of Tax Appeals

Expenditure Justification: Object Codes 52000-52900—Contractual Services

These object codes contain expenditure funding for office rents, copy machine lease payments, travel expenses for Board members, small claims hearing officers and attorneys, statutorily required education and training, and pay and expense reimbursement for small claims hearing officers. Also included are funds for temporary staff wages and communication expenses, as well as annual software support, maintenance, and license renewals for the Board's case management and content management systems.

Actual Expenditures FY 2024: \$395,325

Current Year Estimate FY 2025: \$419,131. This would not include the additional \$30,000 the Board has requested in a supplement to hire additional hearing officers.

FY 2025 Supplemental Change Package: \$30,000

Budget Year FY 2026: \$471,165. This also does not include the additional \$30,000 requested in the FY25 Supplemental Change Package.

Budget Narrative

State of Kansas

Agency: Board of Tax Appeals

Expenditure Justification: Object Codes 53000-53900—Commodities

These object codes contain expenditure funding for office and data processing supplies, legal research resources, and maintenance kits for printers.

Actual Expenditures FY 2024: \$32,574. This includes one-time expenditures to improve the Board's IT infrastructure at the tail end of FY24 that will not be repeated in future budget years. The Board notes that funds were available to cover this expense due to unfilled FTEs.

Current Year Estimate FY 2025: \$12,761

FY 2025 Supplemental Change Package: None

Budget Year FY 2026: \$13,061.

Budget Narrative

State of Kansas

Agency: Board of Tax Appeals**Expenditure Justification: Object Codes 54000—Capital Outlay**

This object code contains expenditure funding for replacement of computer hardware, parts for computer repair as well as software licenses. It also includes expenditures for office furniture.

Actual Expenditures FY 2024: \$16,384. This amount includes a \$12,900 expense to improve the Board's IT infrastructure that was incurred at the end of FY24, which will not be repeated in prior years. The Board notes that funds were available for this purchase due to unfilled FTEs.

Current Year Estimate FY 2025: \$3,200

FY 2025 Supplemental Change Package: None

Budget Year FY 2026: \$3,200