

Approved: \_\_\_\_\_  
4-27-07 Date

MINUTES OF THE SENATE ASSESSMENT AND TAXATION COMMITTEE

The meeting was called to order by Chairman Barbara Allen at 1:00 PM on April 26, 2007 in Room 519-S of the Capitol.

All members were present except:  
Senator Jordan - excused

Committee staff present:  
Chris Courtwright, Kansas Legislative Research Department  
Martha Dorsey, Kansas Legislative Research Department  
Gordon Self, Office of Revisor of Statutes  
Judy Swanson, Committee Assistant

Conferees appearing before the committee:

Others attending:  
See attached list.

Chairman Allen called the meeting to order for the purpose of discussing **Senate Sub for HB 2237**, maintenance of buildings located at state educational institutions, Washburn University, community colleges and technical colleges and **Senate Sub for HB 2422**, Income tax credit for certain contributions to community colleges, technical schools or state educational institutions for capital improvements.

Senator Schmidt said deferred maintenance was a priority with the Ways & Means Committee. He made the following recommendations as an amendment to **S Sub for HB2422**:

1. Reinstate tax credits for four-year schools
2. Bring community colleges, technical colleges and Washburn University into the tax credit game
3. Shrink the fiscal note of **Senate Sub for HB 2237** in the first year

Chris Courtwright, Legislative Research Department, reviewed Senator Schmidt's amendment recommendations. (Attachment 1) Committee discussion followed. Wichita, Goodland, Beloit, Manhattan and Flint Hills are the five technical colleges that would be a part of this amendment. Gordon Self, Revisor of Statutes, stated the definition of deferred maintenance is defined in current statute. Senator Bruce expressed concern that historically the Board of Regents may have not done a good job using its authority to work on deferred maintenance in some areas. Senator Schmidt said there is a Board of Regents monitor for projects. In response to Senator Goodwin, Senator Schmidt said the proposed tax credit structure is different for community colleges than four-year colleges on how funds are received. The four-year college tax credits are put into a pool, and are then divided among the campuses by the Board of Regents. The two-year schools will each be provided a fixed amount of tax credit dollars annually. Senator Lee explained the technical school structure in Kansas, and that it is different for these schools. Senator Donovan said he thought no state institution should get more than a specified percentage of total available tax credits each year. The Omnibus Bill budget profile includes "assumed passage" of **S Sub for HB 2237** in its projections.

Senator Schmidt explained his amendment would reduce the \$45 million emergency fund in 2008 to \$30 million, and the "saved" \$15 million would go to pay off the Crumbling Classrooms bad debt. The bill also would shrink from \$50 million to \$30 million the annual amount to be put into deferred maintenance.

Legislative Research presented an updated Deferred Maintenance - Plan B chart, showing how the amendments would affect the State General Fund. (Attachment 2)

Senator Schmidt moved to amend S Sub for HB 2237 to reduce deferred maintenance spending from \$50 million per year to \$30 million per year. Senator Lee seconded the motion, and the motion passed.

Senator Schmidt moved to further amend S Sub for HB 2237 by reducing the amount in the emergency fund in 2008 from \$45 million to \$30 million, and to strike the provision that would spend \$15 million in the state general fund. Senator Donovan seconded the motion, and the motion carried.

Senator Schmidt moved to further amend S Sub for HB 2237 by adopting the tax credit provisions as

CONTINUATION SHEET

MINUTES OF THE Senate Assessment and Taxation Committee at 1: on April 26, 2007 in Room 519-S of the Capitol.

described in Chris Courtwright's memo (see Attachment 1). Senator Pine seconded the motion, and the motion carried.

Senator Schmidt moved to further amend **S Sub for HB 2237** by adding that no more than 40% of total credits available each year could go to any one eligible institution, unless there is unanimous agreement among all eligible institutions to waive that restriction. Senator Donovan seconded the motion, and the motion carried.

Senator Schmidt moved to report **S Sub for HB 2237**, as amended, favorably for passage. Senator Bruce seconded the motion, and the motion carried.

Being no further business, the meeting adjourned at 2:08 p.m.

SENATE  
ASSESSMENT & TAXATION COMMITTEE

GUEST LIST

DATE: 04-26-07

NAME	REPRESENTING
Ben Cleaves	DOR
Lindsay Douglas	HLF
<del>Sheila Frahm</del>	KACCT
James Carbon	Cap-Journal
Marty Boeschly	Sen. Bruce

Tax Credit Amendment to S Sub HB 2237

New tax credits effective July 1, 2008 for contributions earmarked for capital improvements at community colleges and technical colleges; and deferred maintenance at state educational institutions located in Kansas.

State educ inst: \$3.1 million in "pooled" tax credits for tax year 2008.  
\$6.2 million for tax year 2009 and thereafter.  
Sec of Revenue to allocate credits in consultation with Board of Regents  
Credits would be 50% and non-refundable but could be carried forward  
for up to 3 years.  
Credits also would be fully transferable.

Comm colleges: \$1.9 million in tax credits for tax year 08, max of \$0.1 m per institution.  
\$3.8 m for tax year 09 and thereafter, max of \$0.2 m per institution.  
Credits would be 65% and refundable.  
Credits would be transferable if originally acquired by non-profits.

Tech colleges: Note this is for five technical colleges (and not the 10 technical "schools"  
addressed in S Sub HB 2422).  
Same credit structure as for community colleges (65%, ref) for 1 year.  
\$0.5 million in tax credits for tax year 08 only, max of \$0.1 m per college.  
This credit sunsets after tax year 2008.

Total F Note: FY 09 \$5.5 million  
FY 10 and every year thereafter \$10 million

**Senate Deferred Maintenance Plan - Plan B**

Item	FY 2008		FY 2009		FY 2010		FY 2011		FY 2012		Total FY 2008 - FY 2012		FY 2013	
	SGF	All Funds	SGF	All Funds	SGF	All Funds	SGF	All Funds	SGF	All Funds	SGF	All Funds	SGF	All Funds
<b>Proposed New Resources for Regents Deferred Maintenance</b>														
Additional Educational Building Fund Freed - Up from Shifting Bond Payments to the State General Fund	\$0	\$15,000,000	\$0	\$15,000,000	\$0	\$15,000,000	\$0	\$15,000,000	\$0	\$15,000,000	\$0	\$75,000,000	\$0	\$0
One-Time Maintenance Down Payment from the Statewide Maintenance and Disaster Relief Fund	-	30,000,000	-	-	-	-	-	-	-	-	-	30,000,000	-	-
Additional \$10.0 million revenue transfer after completion of the Regents Research Bond Payments	-	-	-	-	-	-	-	-	-	10,000,000	-	10,000,000	-	10,000,000
Technology Matching Grants	5,000,000	10,000,000	5,000,000	10,000,000	5,000,000	10,000,000	5,000,000	10,000,000	5,000,000	10,000,000	25,000,000	50,000,000	5,000,000	10,000,000
Future State Funding Obligation from the State General Fund, gaming revenues, or other special revenue funds	-	-	-	25,000,000	-	30,000,000	-	30,000,000	-	30,000,000	-	115,000,000	-	30,000,000
<b>Subtotal New Resources</b>	<b>\$ 5,000,000</b>	<b>\$ 55,000,000</b>	<b>\$ 5,000,000</b>	<b>\$ 50,000,000</b>	<b>\$ 5,000,000</b>	<b>\$ 55,000,000</b>	<b>\$ 5,000,000</b>	<b>\$ 55,000,000</b>	<b>\$ 5,000,000</b>	<b>\$ 65,000,000</b>	<b>\$ 25,000,000</b>	<b>\$ 280,000,000</b>	<b>\$ 5,000,000</b>	<b>\$ 50,000,000</b>
Low Interest Loans	-	200,000,000	-	-	-	-	-	-	-	-	-	200,000,000	-	-
<b>Total New Funding</b>	<b>\$ 5,000,000</b>	<b>\$ 255,000,000</b>	<b>\$ 5,000,000</b>	<b>\$ 50,000,000</b>	<b>\$ 5,000,000</b>	<b>\$ 55,000,000</b>	<b>\$ 5,000,000</b>	<b>\$ 55,000,000</b>	<b>\$ 5,000,000</b>	<b>\$ 65,000,000</b>	<b>\$ 25,000,000</b>	<b>\$ 480,000,000</b>	<b>\$ 5,000,000</b>	<b>\$ 50,000,000</b>
<b>Other Program Costs</b>														
Cost of No Interest Loans	\$10,000,000	\$10,000,000	\$10,000,000	\$10,000,000	\$10,000,000	\$10,000,000	\$10,000,000	\$10,000,000	\$10,000,000	\$10,000,000	\$50,000,000	\$50,000,000	\$10,000,000	\$10,000,000
Shift Payment of Crumbling Classroom Bonds from the Educational Building Fund to the Statewide Maintenance and Disaster Relief Fund in FY 2008 and the State General Fund in FY 2009 through FY 2012 to Free Up Additional Educational Building Fund	-	-	15,000,000	-	15,000,000	-	15,000,000	-	15,000,000	-	60,000,000	-	-	-
Tax Credit	-	-	7,000,000	7,000,000	10,000,000	10,000,000	10,000,000	10,000,000	10,000,000	10,000,000	37,000,000	37,000,000	10,000,000	10,000,000
<b>Grand Total</b>	<b>\$ 15,000,000</b>	<b>\$ 265,000,000</b>	<b>\$ 37,000,000</b>	<b>\$ 67,000,000</b>	<b>\$ 40,000,000</b>	<b>\$ 75,000,000</b>	<b>\$ 40,000,000</b>	<b>\$ 75,000,000</b>	<b>\$ 40,000,000</b>	<b>\$ 85,000,000</b>	<b>\$ 172,000,000</b>	<b>\$ 567,000,000</b>	<b>\$ 25,000,000</b>	<b>\$ 70,000,000</b>

Assessment &  
 Date 4-26-07  
 Attachment # 2