

MINUTES OF THE SENATE ASSESSMENT AND TAXATION COMMITTEE

The meeting was called to order by Chairman Les Donovan at 10:34 a.m. on February 25, 2010, in Room 152-S of the Capitol.

All members were present.

Committee staff present:

Gordon Self, Office of the Revisor of Statutes
Scott Wells, Office of the Revisor of Statutes
Chris Courtwright, Kansas Legislative Research Department
Mary Jane Brueck, Committee Assistant

Conferees appearing before the Committee:

Greg Goode, President, Salina Area Technical College & KATC Board Member
Rob Edleston, President, Manhattan Area Technical College, & KATC Board Member

Others attending:

See attached list.

Chairman Donovan asked if any member had any corrections or additions to the Committee minutes for February 9, February 10, February 11, February 16, or February 17. Seeing no request for changes, he asked for a motion to accept these minutes. Sen. Lynn moved the motion; Sen. Marshall seconded; motion carried.

The hearing on **SB 548 - Providing sales and property tax authority for counties to support technical colleges** was opened. Greg Goode, President, Salina Area Technical College & KATC Board Member was first to speak to this bill. He explained the unique challenges that develop because technical colleges have only two sources of revenue: student tuition and fees and state Post-Secondary Aid. This bill would make it possible to generate additional funds through the option of taxing authority. Rob Edleston, President, Manhattan Area Technical College, & KATC Board Member, joined President Goode in explaining needs not funded by the present system. (Attachment 1) Chairman Donovan asked Chris Courtwright, Kansas Legislative Research Department, to speak to this bill regarding workability of what they are wanting done by this bill. Chris expressed his opinion that this bill will dovetail with previous bills; it does need to clarify that this would not be just a sales tax, but also a compensating use tax. President Edleston and Pres. Goode explained they feel this is an enabling solution for the area technical colleges. Presently these schools are not able to build a parking lot on their property, or add new buildings, etc. because they are not able to take out a loan, because they have no funds available to pay back a loan to do the work. Further discussion took place. Chairman Donovan pointed out there was written testimony in opposition of this bill presented by Linda Fund, Executive director, Kansas Association of Community College Trustees (Attachment 2) and by Reginald L. Robinson, President and CEO, Kansas Board of Regents (Attachment 3). Chairman Donovan ended this hearing, explaining it is not closed at this time. There is a chance the hearing will be reopened at a further date.

The meeting was adjourned at 11:21 a.m.

The next meeting is on the call of the chairman.

The meeting adjourned at 11:22 a.m.



Senate Tax Committee
Thursday, February 25, 2010

Testimony by the Kansas Association of Technical Colleges
Submitted by Greg Goode, President of Salina Area Technical College, & KATC Board Member
Rob Edleston, President of Manhattan Area Technical College & KATC Board Member

Chairman Donovan and Honorable Members of the Committee:

Six technical colleges in Kansas proudly serve their communities and state by providing technical training that meets the needs of business and industry. These technical colleges rely on two sources of revenue: student tuition/fees and state Post-Secondary Aid. This creates several unique challenges:

1. When the amount of state postsecondary aid distributed to technical colleges declines, we must rely solely on increased tuition and fees to make up the difference in operating revenue.
2. When technical colleges need to add buildings and equipment to meet the needs of business and industry, there is no additional source of revenue.
3. As institutions grow and state funding declines, technical colleges have fewer resources to meet the needs of students (see handout).

We want to continue our leadership role in providing technical education for Kansas as well as being responsible stewards of taxpayer dollars. We ask you to support Senate Bill 548. This legislation will give local communities more control of their technical college through the option of taxing authority. A summary of key points of Senate Bill 548 include:

- Technical College Boards of Trustees, if so desired, may pass a resolution to ask the county commissioners to levy up to two mills and/or a one percent sales tax. This will provide the county with "additional" taxing authority, not disrupting current operations.
- The additional tax is subject to protest petition by the community.
- The taxing authority is limited to technical college service territories defined by the Kansas Board of Regents.
- In some cases there is overlap with service areas of community colleges, in such cases these counties would be excluded.

This taxing initiative was included in joint technical college/community college presentation to the Technical Education Authority and the Kansas Board of Regents.(??? – what does this mean?) Senate Bill 548 will create consistency in funding for two-year colleges across the state. We feel this bill will allow a minimal tax impact and yield a maximum return on investment for Kansas. Thank you for your time and consideration.

Respectfully,

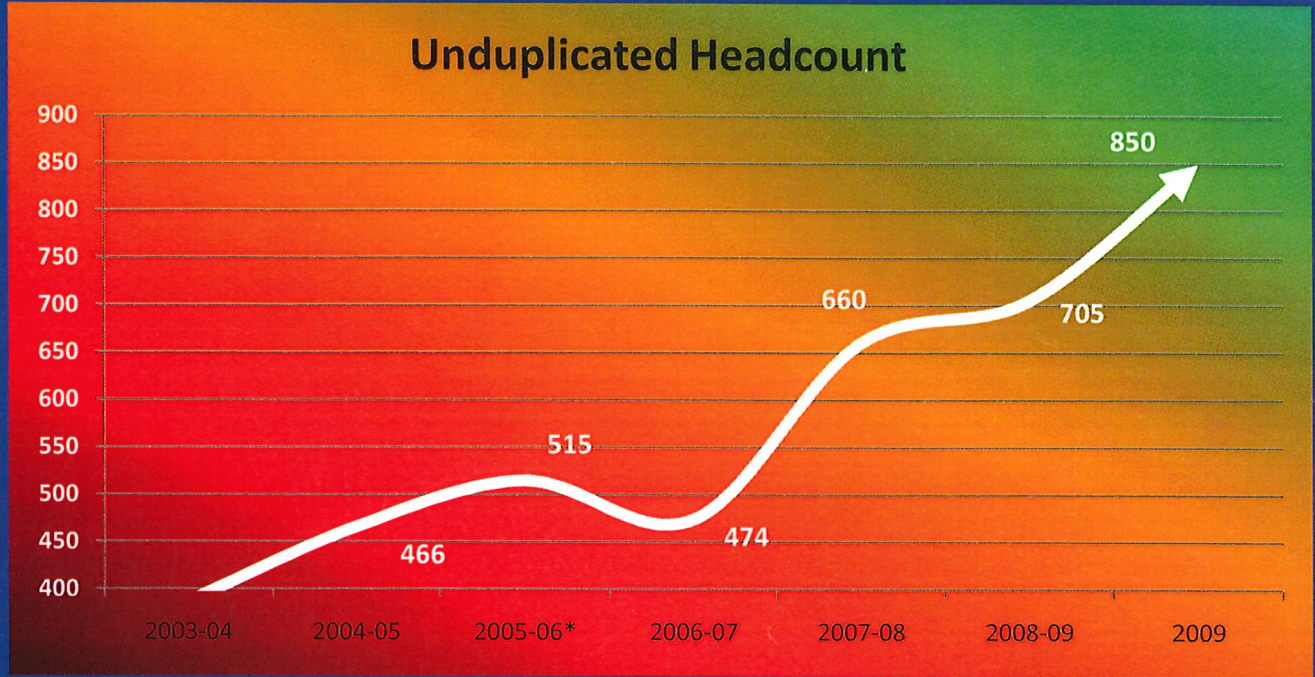
Greg Goode, President
Salina Area Technical College

Rob Edleston, President
Manhattan Area Technical College

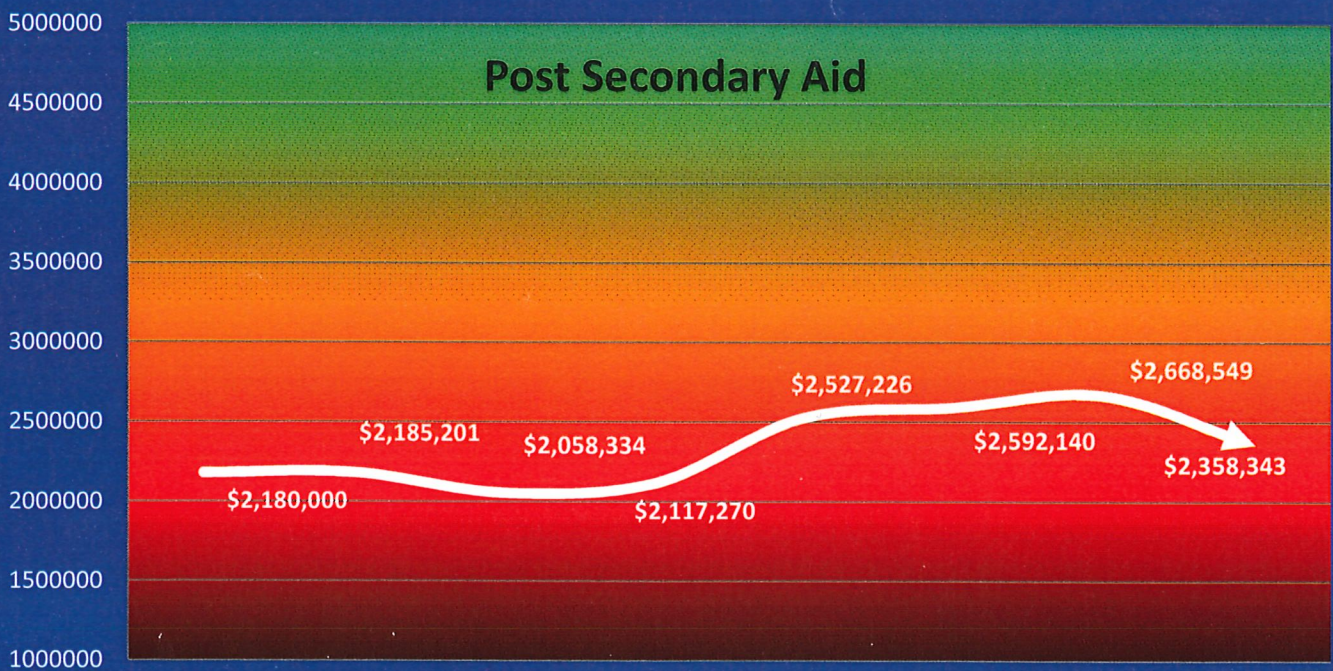
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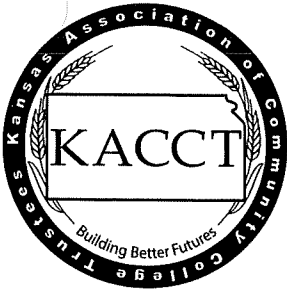
Attachment # 1

Manhattan Area Technical College Growth FY 04 – FY 10



*Drop indicates change in counting system





KANSAS ASSOCIATION OF COMMUNITY COLLEGE TRUSTEES

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February 25, 2010

Senator Les Donovan, Chair
Senate Assessment & Taxation Committee
Statehouse, Rom 123-E
RE: SB548

Dear Chairman Donovan, Ranking Member Holland and members of the committee:

My name is Linda Fund, Executive Director of the Kansas Association of Community College Trustees (KACCT). Thank you for the opportunity to provide written testimony regarding SB548. KACCT stands with the Board of Regents in opposition to this bill as written.

By way of background, technical colleges do about 20% of the technical training in the state of Kansas. Technical colleges taught 9,344 out of 249,106 public post secondary students in Annual Year 2009. Technical colleges are 6 of 32 post secondary public institutions under Regents' authority. The question becomes whether or not it makes sense to consider only six technical colleges when considering post secondary funding.

The bill raises some other questions: How does this impact one technical college already receiving taxes through their county commission and one being part of a municipal university with taxing authority? Should taxing authority exist for other post secondary institutions?

The higher education policy behind this should be fully vetted through the Board of Regents (KBOR) for impact before such a bill is considered. The taxing concept was placed on the Regents' legislative agenda and later removed by the technical colleges. Therefore it was not fully vetted nor approved and was not a part of the KBOR legislative package taken through the LEPC.

This bill does not let the electorate vote on the taxation imposed unless 5% of qualified voters petition after two published notices within two weeks. The tax can be imposed by a resolution of the County Commissioners who are not elected governing boards for the technical colleges. Technical colleges do not have elected governing bodies.

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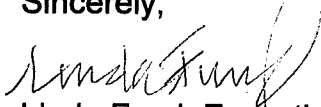
Attachment # 2

The bill also seeks property tax and sales tax from counties other than where the technical colleges are located. Community Colleges do not have these abilities. It fails to address overlap of vague service territories among technical colleges and service areas for community colleges.

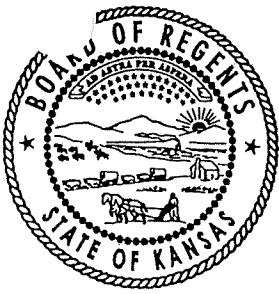
We would not oppose technical college taxing authority in a technical college's home county, but would oppose technical colleges being allowed to tax service territories and the manner in which they seek to establish that authority.

Thank you for your consideration of this testimony and we ask that you vote in opposition to this bill.

Sincerely,



Linda Fund, Executive Director
Kansas Association of Community College Trustees



KANSAS BOARD OF REGENTS

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February 25, 2010

Senator Les Donovan, Chairman
Senate Assessment & Taxation Committee
Statehouse, Room 123-E
Topeka, KS 66612

Senator Tom Holland, Ranking Member
Senate Assessment & Taxation Committee
Statehouse, Room 134-E
Topeka, KS 66612

Dear Chairman Donovan and Ranking Member Holland:

On behalf of the Kansas Board of Regents, I write to you in opposition to Senate Bill 548, legislation that would allow the county commissioners of any county where a technical college is located or any county which is part of a technical college service territory to impose a county sales tax or levy a property tax to support the technical college.

The Board's opposition at this time centers on the fact that Senate Bill 548 raises a number of important policy issues that must be addressed before such a proposal should be enacted. Last fall, technical college leaders did bring a very broad taxing authority proposal to the Board for consideration and possible inclusion in the Board's 2010 legislative package. However, because the technical college leaders withdrew the proposal from consideration before the Board had an opportunity to consider the issues and implications associated with the proposal, the Board feels compelled to oppose the legislation at this point in time.

One such issue is that of "territories" and "areas." The state's six technical colleges each possess a defined "service territory" which extends beyond each college's home county. The state's 19 community colleges each possess a defined "service area," but possess only local taxing authority in their home county. You will notice the overlap between the service territories and service areas on the two attached maps.

The Board recognizes how difficult the funding situation is for state's six technical colleges – Flint Hills Technical College (Emporia), Manhattan Area Technical College (Manhattan), North Central Kansas Technical College (Beloit), Northwest Kansas Technical College (Goodland), Salina Area Technical College (Salina), and Wichita Area Technical College (Wichita). Several years ago, these technical colleges became independent entities by making the transition to a status outside of their local school boards, and, as a result, lost access to local taxing authority. Currently, these colleges rely on State General Fund and student tuition dollars and typically do not have access to local tax support. Tuition and fees are set by each of the individual and independent non-elected governing boards for each technical college.

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#3

I might add that similar legislation was introduced during the 2004 legislative session. At the time, the House Taxation Committee refused to hear the bill due to concerns regarding technical college service territories.

As was the case last fall, the Board stands ready, between now and the 2011 legislative session, to consider such a proposal, fully vet the proposal for system-wide implications, and determine whether and in what form it could support such an effort. At this time, however, with the range of unanswered questions that emerge from this proposal in its current form, the Board cannot support it.

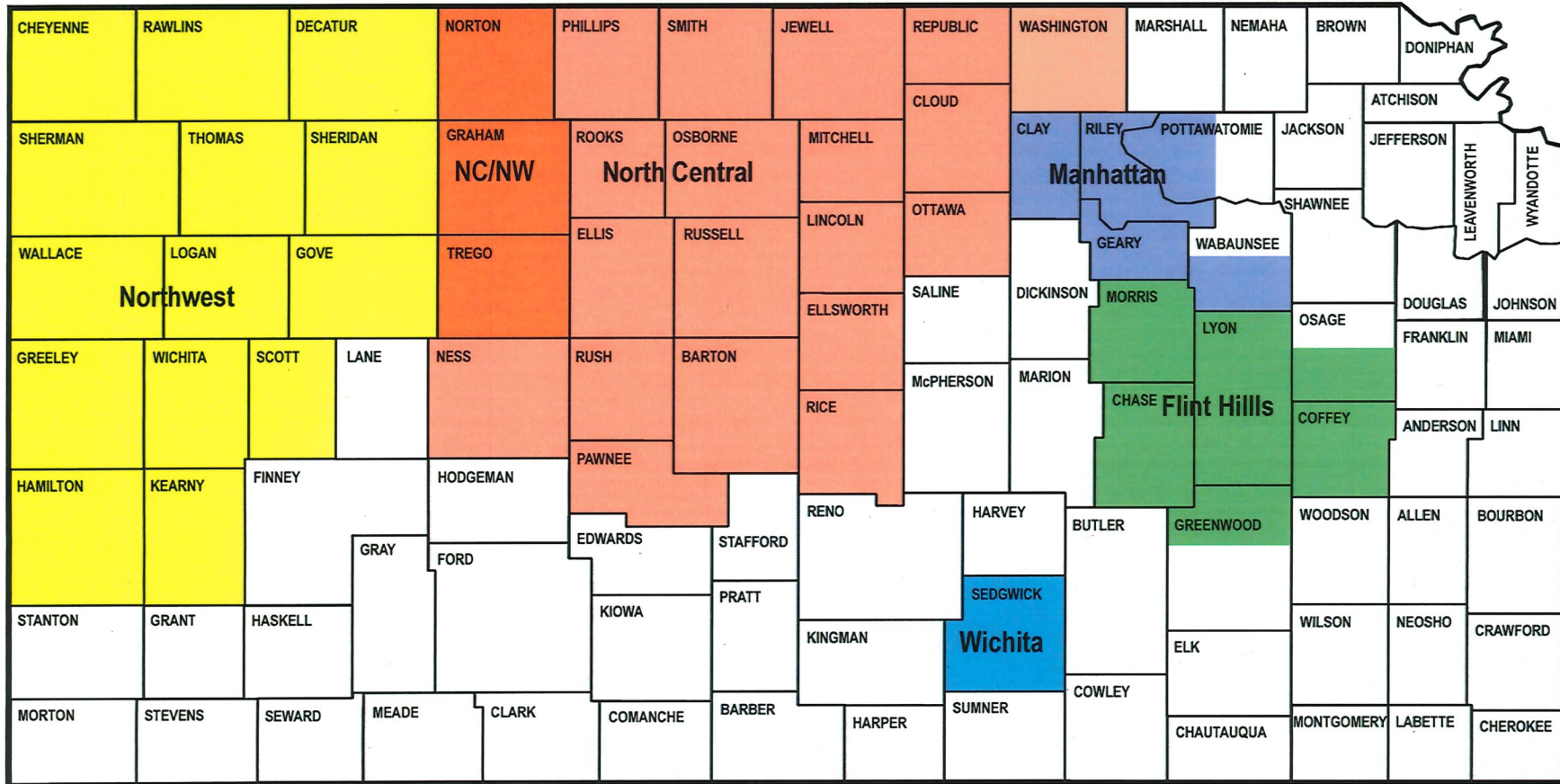
Thank you for your consideration of the Board's opposition to Senate Bill 548.

Sincerely,

A handwritten signature in cursive script, appearing to read "R. L. Robinson".

Reginald L. Robinson
President & CEO

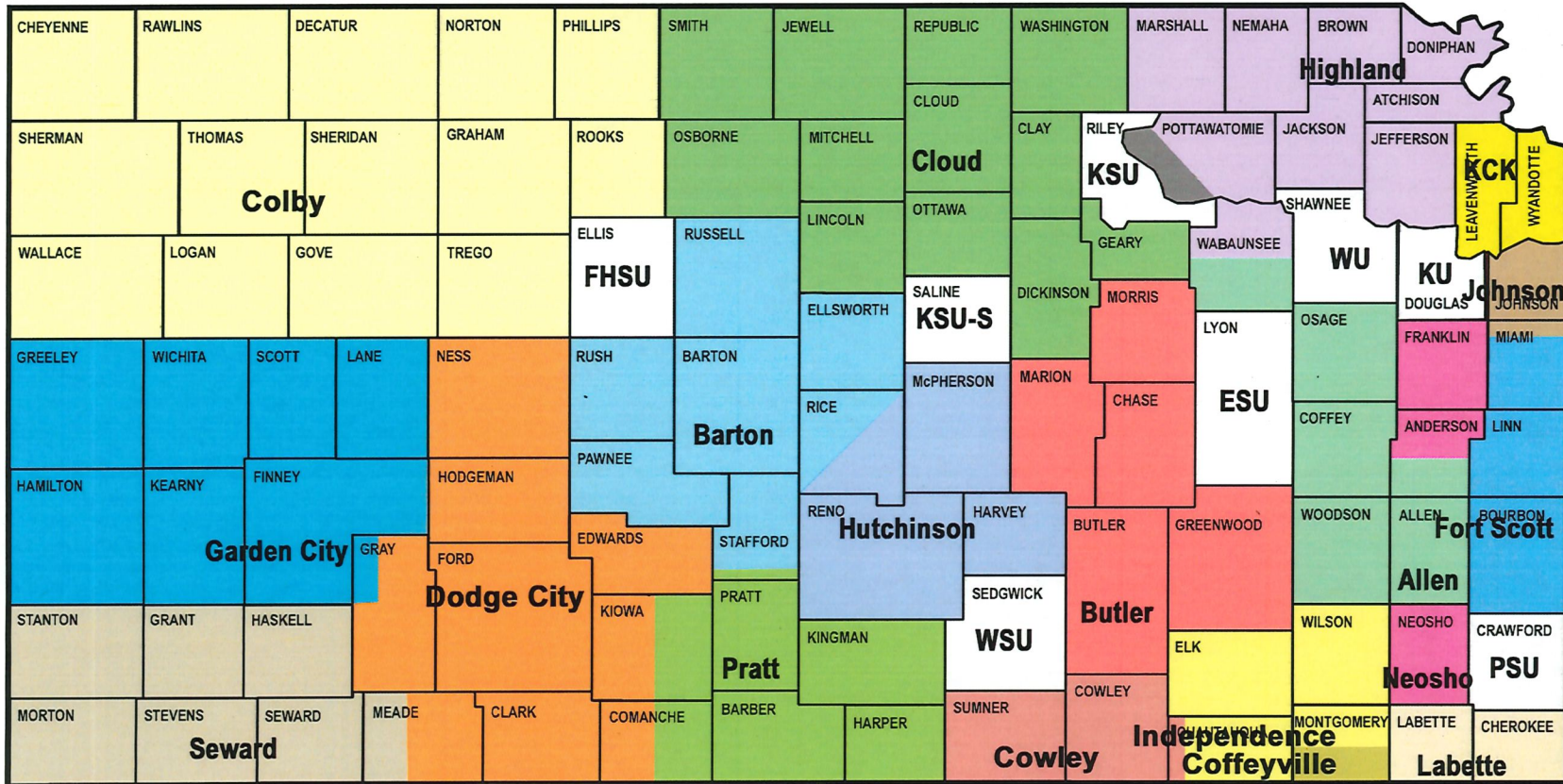
Territories of Technical Colleges



- Flint Hills Technical College**
Emporia
- Manhattan Area Technical College**
Manhattan
- North Central Kansas Technical College**
Beloit
- Northwest Kansas Technical College**
Goodland
- North Central/ Northwest Shared**
- Wichita Area Technical College**
Wichita

Kansas Community Colleges and Service Areas

3-4



- Allen Community College, Iola
- Barton Community College, Great Bend
- Butler Community College, El Dorado
- Cloud County Community College, Concordia
- Coffeyville Community College, Coffeyville
- Colby Community College, Colby
- Cowley College, Arkansas City
- Dodge City Community College and Area Technical Center, Dodge City
- Fort Scott Community College, Fort Scott
- Garden City Community College, Garden City
- Highland Community College, Highland
- Hutchinson Community College and Area Vocational School, Hutchinson
- Independence Community College, Independence
- Johnson County Community College, Overland Park
- Kansas City Kansas Community College, Kansas City
- Labette Community College, Parsons
- Neosho County Community College, Chanute
- Pratt Community College, Pratt
- Seward County Community College and Area Technical School, Liberal
- State Universities/Washburn
- Unassigned