

## HAAG DEVELOPMENT

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Dear Chairman Jeff Longbine & Financial Institutions and Insurance Committee:

My name is Cory Haag. My company is Haag Development based out of Emporia, KS. Please accept this testimony as support for **SB 37**. This is a trailing bill to 2022 legislative session's Kansas Housing Investor Tax Credit legislation.

Currently the bill allows for the sale of a tax credits only **"one time"** and requires the tax credit recipient to prove **"no"** tax liability prior to selling the credit. This legislation removes those restrictions. These restrictions limit who can buy these tax credits. Banks across the state are interested in buying these Investor Tax Credits to help assist with housing in their communities. The problem is many of the tax credits are allocated to an investor/developer in the \$400,000 to \$800,000 range. Many banks across the state usually have a "privilege tax" every year in the amount of \$100,000 to \$300,000 that can utilize purchasing these credits. The banks are interested in purchasing the Investor Tax Credits, but do not need all of them.

The investors receiving the Investor Tax Credits and needing to convert the credits to "cash" are not able to sell them to most banks around the state because the banks yearly "privilege tax" cannot absorb all the credits at once. Allowing the sale of the investor tax credits to "multiple" entities/banks will allow the smaller banks and people around the state to all utilize them. This will also increase the value of the tax credits being sold by creating a demand for them. The way the current legislation is written "sale of a tax credits only one time" basically only allows bigger banks in the state with assets of more than \$1,000,000,000 to buy them. This drives down the value of the credits because only a handful of banks in the state have assets over \$1,000,0000,0000 and a yearly "privilege tax" over \$500,000 a year.

**This bill will create a larger market for the Housing Investor Tax Credits which will increase the value of the credits helping the affordability and attainability of housing across the state. This bill will also align the Investor Tax Credits to be sold similar to the State Historical Credits. The State Historical Credits can be sold to multiple entities/banks which creates value across the state.**

Thank you for your support of last year's housing initiative and your consideration today. The program has helped spur interest from Builders, Developers and Investors across the state. I request you support **SB 37** for passage.

Sincerely,



Cory Haag  
Haag Development