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Senate Committee on Assessment and Taxation
President Ed Berger, Hutchinson Community College
for the Kansas Association of Community College Trustees

**SB 267 -- relating to tax credits for certain contributions to community colleges,
technical colleges and universities**

Good morning, Senator Donovan and members of the Assessment and Taxation Committee. The Kansas Community Colleges, through their trustee association, KACCT, support SB 267.

SB 267 would amend the existing program (K.S.A. 79-32,261) in two specific ways we ask for your support on:

- extend the sunset from 2012 to 2015; and
- allow community colleges and technical colleges to pool the unused tax credits among themselves (just like universities currently do.)

Taxpayers making contributions to community colleges for capital improvements were allowed tax credits and this provision allowed community colleges to fund important capital improvements like renovation and infrastructure improvement. Over the last three years Community Colleges have had a 13% reduction in state operating grants, loss of the equipment & machinery slider and lowered valuations. Maintaining the credit through 2015 and allowing reallocation for community colleges of unused credits prior to the end of the year would financially help community colleges, which run quite lean.

Background

In 2007, legislatively authorized tax credit provisions established a tax credit based on a percentage of a taxpayer's contribution made on or after July 1, 2008, to a community college for capital improvements (60% of the contribution), to a technical college for deferred maintenance or purchases of technology or equipment (60% of the contribution), or to a university for deferred maintenance (50% of the contribution). The credit, effective for tax years 2008 through 2012, is applicable to corporate and individual income tax, insurance premiums tax, and financial institutions privilege tax. The credits are scheduled to sunset after tax year 2012. The credit on a contribution to a community or technical college is refundable, if it is in excess of income tax liability. The Kansas Department of Revenue (KDOR) has developed and implemented for all institutions a tax credits process designed to assure that qualifying contributions qualify for Federal as well as State income tax deductions.

Sn. Assmnt & Tax
2-7-12

The table below summarizes the actual total contributions and corresponding tax credits issued. An estimate for CY 2012, assuming the same activity as CY 2011, is included to provide you with a view of the impact of the five-year program.

Actual/Est. Amounts of Tax Credit Contributions

Calendar Year	Actual/Est Private Private Contributions to Community & Technical Colleges
	<u>Colleges</u>
2008	\$ 1.565
2009	1.600
2010	1.806
2011	2.067
2012(est)	<u>2.067</u>
Totals	<u>\$9.105</u>

We believe this has proven to be a valuable public private partnership program that should be continued and that the suggested amendments will improve upon the current program.

I would be pleased to respond to questions.