

February 28, 2017

The Honorable Clay Aurand, Chairperson
House Committee on Education
Statehouse, Room 286-N
Topeka, Kansas 66612

Dear Representative Aurand:

SUBJECT: Fiscal Note for HB 2204 by House Committee on Education

In accordance with KSA 75-3715a, the following fiscal note concerning HB 2204 is respectfully submitted to your committee.

HB 2204 would allow the governing board of any technical college to make an annual property tax levy in its home county not to exceed two mills for up to five years for the purpose of construction, reconstruction, repair, remodeling, additions to, furnishing and equipping of technical college buildings, architectural expenses, the acquisition of buildings and building sites, and the acquisition of equipment. The bill provides a process for a technical college to adopt a resolution for the property tax levy as well as an election if there is a petition in opposition. In addition, the bill would allow technical colleges to issue or sell general obligation bonds in lieu of making all or part of the tax levy. The bill also prescribes the method by which the amount of bonds authorized would be determined. The proceeds of the tax levy would be deposited in the Career Technical Education Capital Outlay Fund and could be retained and spent in future fiscal years. If an institution retains any portion of the proceeds for use in future fiscal years, it would be required to make an annual accounting to the State Board of Regents.

The Board of Regents indicates HB 2204 could increase property tax revenues for any technical college that approves a tax levy. The Board indicates the amount of revenues would depend on the county in which the technical college is located. For example, using the 2017 budgets and assessed valuations, a two mill levy increase would generate \$1.2 million for Manhattan Area Technical College in Riley County; and \$9.1 million for Wichita Area Technical College in Sedgwick County.

In addition, the Board receives annual appropriations of approximately \$2.6 million which are remitted to the Career Technical Education Capital Outlay Fund, including \$2.5 million from the Economic Development Initiatives Fund, and approximately \$70,000 from the

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State General Fund. The monies are awarded to 16 institutions (technical colleges and certain community colleges) each year, with awards ranging in the current fiscal year between \$124,000 and \$348,000. Currently, the Board requires the institutions to expend or encumber the funds by June 30 of each year. Under HB 2204, the institutions would be allowed to carry these funds from one fiscal year to the next fiscal year.

Sincerely,

A handwritten signature in black ink, appearing to read "Shawn Sullivan", with a horizontal line extending to the right.

Shawn Sullivan,
Director of the Budget

cc: Kelly Oliver, Board of Regents
Melissa Wangemann, Association of Counties
Brock Ingmire, League of Municipalities