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Executive Director
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TO: Representative Carlson and Members of the House Taxation Committee

FROM: Trudy Aron, Executive Director

RE: Opposition to HB 2560

Good Morning Representative Carlson and Members of the House Taxation Committee. I am Trudy Aron, Executive Director of the American Institute of Architects in Kansas. Thank you for allowing us to provide written testimony opposing HB 2560.

AIA Kansas is a statewide association of architects and intern architects. Most of our 600 members work in over 100 private practice architectural firms designing a variety of project types for both public and private clients. Our members are designing tomorrow's buildings today, aiming to meet the "triple bottom line:" buildings that are affordable, protect the health of the building occupants, and respect our environment.

Today the design and construction industry is the hardest hit in the current economic climate. Up to 25% of architects are unemployed and a recent poll told prospective students to avoid architecture schools as the prospects for future employment was grim. Due to the economic downturn and subsequent tight credit markets, financing for projects is much less available, with the consequent lack of work making the market that much more competitive, which in turn has driven fees down making business less profitable. AIA Kansas has significant concerns with HB 2560, believing they would create more difficulty for the design and construction industry not only to recover financially but also in job creation; to the contrary, we anticipate the proposals actually further decrease jobs and development in Kansas

One of the very few markets remaining is historic preservation, due mostly to the historic tax credits available at the state and federal level. Removal of the state credit would significantly hamper or altogether deter projects aimed at developing and improving our neighborhoods and educational facilities.

For instance, in Lawrence, small remodeling businesses have taken advantage of the Historic Tax Credits and have been busy restoring historic houses and returning them to viable places for families to dwell. The availability of tax credits is largely responsible for the increase in family population or "re-greening" of Historic East Lawrence. The local school district estimates 60 new students in the next 5 years due to the renaissance of the neighborhood and the availability of small, affordable, and **historic** homes.

AIA Kansas believes the current taxing structure – approximately 1/3 from property, income and sales tax best serves our state in forging ahead; we strongly believe the removal of the historic tax credit is not in the best interest of the State or most certainly the design & construction industry.

Thank you for your time.