

MINUTES OF THE SENATE ASSESSMENT AND TAXATION COMMITTEE

The meeting was called to order by Chairman Barbara Allen at 1:00 PM on April 26, 2007 in Room 519-S of the Capitol.

All members were present except:
Senator Jordan - excused

Committee staff present:
Chris Courtwright, Kansas Legislative Research Department
Martha Dorsey, Kansas Legislative Research Department
Gordon Self, Office of Revisor of Statutes
Judy Swanson, Committee Assistant

Conferees appearing before the committee:

Others attending:
See attached list.

Chairman Allen called the meeting to order for the purpose of discussing **Senate Sub for HB 2237**, maintenance of buildings located at state educational institutions, Washburn University, community colleges and technical colleges and **Senate Sub for HB 2422**, Income tax credit for certain contributions to community colleges, technical schools or state educational institutions for capital improvements.

Senator Schmidt said deferred maintenance was a priority with the Ways & Means Committee. He made the following recommendations as an amendment to **S Sub for HB2422**:

1. Reinstate tax credits for four-year schools
2. Bring community colleges, technical colleges and Washburn University into the tax credit game
3. Shrink the fiscal note of **Senate Sub for HB 2237** in the first year

Chris Courtwright, Legislative Research Department, reviewed Senator Schmidt's amendment recommendations. (Attachment 1) Committee discussion followed. Wichita, Goodland, Beloit, Manhattan and Flint Hills are the five technical colleges that would be a part of this amendment. Gordon Self, Revisor of Statutes, stated the definition of deferred maintenance is defined in current statute. Senator Bruce expressed concern that historically the Board of Regents may have not done a good job using its authority to work on deferred maintenance in some areas. Senator Schmidt said there is a Board of Regents monitor for projects. In response to Senator Goodwin, Senator Schmidt said the proposed tax credit structure is different for community colleges than four-year colleges on how funds are received. The four-year college tax credits are put into a pool, and are then divided among the campuses by the Board of Regents. The two-year schools will each be provided a fixed amount of tax credit dollars annually. Senator Lee explained the technical school structure in Kansas, and that it is different for these schools. Senator Donovan said he thought no state institution should get more than a specified percentage of total available tax credits each year. The Omnibus Bill budget profile includes "assumed passage" of **S Sub for HB 2237** in its projections.

Senator Schmidt explained his amendment would reduce the \$45 million emergency fund in 2008 to \$30 million, and the "saved" \$15 million would go to pay off the Crumbling Classrooms bad debt. The bill also would shrink from \$50 million to \$30 million the annual amount to be put into deferred maintenance.

Legislative Research presented an updated Deferred Maintenance - Plan B chart, showing how the amendments would affect the State General Fund. (Attachment 2)

Senator Schmidt moved to amend **S Sub for HB 2237** to reduce deferred maintenance spending from \$50 million per year to \$30 million per year. Senator Lee seconded the motion, and the motion passed.

Senator Schmidt moved to further amend **S Sub for HB 2237** by reducing the amount in the emergency fund in 2008 from \$45 million to \$30 million, and to strike the provision that would spend \$15 million in the state general fund. Senator Donovan seconded the motion, and the motion carried.

Senator Schmidt moved to further amend **S Sub for HB 2237** by adopting the tax credit provisions as described in Chris Courtwright's memo (see Attachment 1). Senator Pine seconded the motion, and the

CONTINUATION SHEET

MINUTES OF THE Senate Assessment and Taxation Committee at 1: on April 26, 2007 in Room 519-S of the Capitol.

motion carried.

Senator Schmidt moved to further amend **S Sub for HB 2237** by adding that no more than 40% of total credits available each year could go to any one eligible institution, unless there is unanimous agreement among all eligible institutions to waive that restriction. Senator Donovan seconded the motion, and the motion carried.

Senator Schmidt moved to report **S Sub for HB 2237**, as amended, favorably for passage. Senator Bruce seconded the motion, and the motion carried.

Being no further business, the meeting adjourned at 2:08 p.m.