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Steven J. Anderson, CPA, MBA, Director

Sam Brownback, Governor

February 24, 2011

The Honorable Richard Carlson, Chairperson
House Committee on Taxation
Statehouse, Room 274-W
Topeka, Kansas 66612

Dear Representative Carlson:

      SUBJECT: Fiscal Note for HB 2011 by Legislative Educational Planning Committee

      In accordance with KSA 75-3715a, the following fiscal note concerning HB 2011 is respectfully submitted to your committee.

      Under current law, the Deferred Maintenance Tax Credit for certain contributions to community colleges, technical colleges, or postsecondary educational institutions is set to sunset after tax year 2012. HB 2011 would remove the sunset provision and make the tax credit permanent. The bill would also allow the tax credits for a community college to be reallocated to another community college if that community college has not used the maximum amount of allowed credits. The Board of Regents, Department of Revenue, and the community colleges would be responsible for reallocating any unused credits.

      The Department of Revenue indicates that the bill would not affect State General Fund Revenues in FY 2012. The bill would allow the Deferred Maintenance Tax Credit to be claimed in future tax years, which would reduce State General Fund revenues as tax credits would continue to be claimed. The bill does not change the maximum amount of tax credits that can be claimed in a tax year for deferred maintenance contributions to community colleges, technical colleges, or postsecondary educational institutions. If all of the tax credits were fully utilized, then State General Fund revenues would be reduced by $20.0 million in each tax year. However, the Department of Revenue indicates that only $1.3 million in tax credits were claimed in FY 2009 and $1.2 million was claimed in FY 2010.

      Sincerely,

Steven J. Anderson, CPA, MBA
Director of the Budget

cc: Diane Duffy, Board of Regents
     Steve Neske, Revenue