

SESSION OF 2008

SUPPLEMENTAL NOTE ON SENATE BILL NO. 415

As Amended by Senate Committee on
Ways and Means

Brief*

SB 415, as amended by the Senate Committee on Ways and Means, would amend current law concerning the State Educational Institution Long-Term Infrastructure Maintenance Program. The bill would eliminate duplicate reporting to the Joint Committee on State Building Construction by the Board of Regents and the universities before funds could be expended for deferred maintenance projects under the Program.

In addition, the bill would remove the \$20.0 million annual cap on the bonds authorized under the program and increase the total aggregate amount of the bonds, currently at \$100.0 million, by \$4.0 million for each of the four technical schools and Northeast Kansas Technical College once the Board of Regents certifies that the institutions has achieved substantial compliance with its Board approved plan to merge or affiliate with a postsecondary educational institution or become an accredited technical college with an independent governing board. The technical schools will be given first priority in accessing the additional bond funding, and any bond funding remaining will be reallocated to other postsecondary educational institutions.

The bill also would expand the tax credits for each of the four technical schools and Northeast Kansas Technical College once the Board of Regents certifies that the institutions has achieved substantial compliance with its Board approved plan to merge or affiliate with a postsecondary educational institution or become an accredited technical college with an independent

*Supplemental notes are prepared by the Legislative Research Department and do not express legislative intent. The supplemental note and fiscal note for this bill may be accessed on the Internet at <http://www.kslegislature.org>

governing board. The technical schools will be limited to the tax credits allowed for community and technical colleges in that fiscal year by the program. In tax year 2008 that amount is \$78,125. In addition to the expansion, the bill would delete the limitation per individual institution and instead allow the Board of Regents to allocate the tax credits for all community colleges and technical colleges and schools, with not more than 40.0 percent of the total credits allowed to be allocated to any one community college, technical college, or technical school.

Finally, the bill would amend current law to allow the universities to retain interest from their clearing funds, health fee funds, and service clearing funds. The interest would be deposited in each individual institution's deferred maintenance support fund for expenditure on deferred maintenance projects under the program.

Background

At the hearing held by the Senate Committee on Ways and Means, the bill was supported by the Board of Regents, the Kansas Association of Technical Schools and Colleges (KATSC), and Johnson County Community College.

The Senate Committee amended the introduced version of the bill to maintain the eight year term on the bonds for Washburn University, the community colleges, and the technical colleges and schools. The Senate Committee amended the bill to make participation of technical schools in the program contingent on substantial compliance with their plan to merge, affiliate, or become an accredited college, instead of approval of the plan by the Board of Regents. In addition, the language regarding tax credits for the community colleges, and technical schools and colleges was amended by the Senate Committee to allow allocation of the total amount of tax credits available by the Board of Regents, with not more than 40.0 percent of the total going to any one institution, instead of a fixed limit on the total tax credits available to each individual institution. The final amendment by the Senate

Committee allows the universities to retain interest from their clearing funds, health fee funds, and service clearing funds, which would be deposited in their deferred maintenance support fund for expenditure on deferred maintenance projects under the program.

The fiscal note prepared by the Division of Budget for the introduced version of SB 415 indicates that the passage of the bill would result in an increase of \$46.8 million in interest expenditures over the life of the bonds.