

■ FRIENDS OF ■ HISTORIC PRESERVATION

Thank you, Chairman Smith and members of the House Committee on Taxation for the opportunity to provide testimony in support of HB 2096. My name is Reily Goyne, lobbyist for Friends of Historic Preservation, a coalition of advocates who champion public policy that promotes historic preservation and downtown development in Kansas.

Historic preservation is an important tool to grow the state's housing supply. Old warehouses, schools, and even hospitals are saved and repurposed into housing for low, middle, and high-income families.

However, historic rehabilitation housing projects are difficult to do without different sources of funding, especially for projects in rural communities. In addition to private investment, this can include state and federal historic tax credits, Moderate Income Housing grants, and Kansas Housing Investor Tax Credits.

The Kansas Housing Investor Tax Credit (KHITC) Act is an excellent program used to develop 320 new housing units in rural counties with fewer than 75,000 residents, with over 4,500 more housing units planned.

The legislature near-unanimously passed this tax credit in 2022 to incentivize rural housing development. In 2024, Commerce Bank discovered an error that has decreased the number of buyers for these tax credits and could jeopardize the program's long-term viability.

Currently, tax credits are issued the year of the cash investment and are usable for five tax years. If these tax credits are not sold the same year they are acquired, the credit loses a year (or more) of carry-forward, making them less valuable for purchasers.

HB 2096 changes the language to allow buyers of these tax credits to use the credits beginning the tax year they were issued rather than the year they were transferred, therefore getting the full five years of carry forward.

Without it, rural housing developers will continue struggling to sell their credits. This, in turn, will reduce the number of rural housing projects pursued and slow the housing supply growth that Kansas communities need.

Thank you again for the opportunity to testify. I am happy to answer any questions you have.

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