

SESSION OF 2021

**SUPPLEMENTAL NOTE ON HOUSE BILL NO. 2315**

As Recommended by House Committee on  
Taxation

**Brief\***

HB 2315 would provide for a refundable tax credit for donors to Kansas technical colleges. "Technical college," as defined by the bill, would include the Flint Hills, Manhattan Area, North Central Kansas, and Salina Area Technical Colleges, in addition to the Washburn University Institute of Technology and the Wichita State University Campus of Applied Sciences and Technology.

Contributions to a Kansas technical college for capital improvements, deferred maintenance, or technology or equipment purchases would be eligible for a 100 percent refundable credit against:

- Income tax;
- Insurance premium tax and privilege fees; or
- Financial net income privilege tax.

The credit would have an annual limit of \$500,000 for each taxpayer, not to exceed \$500,000 for any one technical college. The total annual value of credits could not exceed \$3.5 million.

Prior to the issuance of any credits under this tax credit program, the bill would require participating technical colleges to develop a process for qualifying contributions as allowable

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\*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>

deductions from federal adjusted gross income, in consultation with the Secretary of Revenue.

Technical colleges would be required to deposit contributions to their capital outlay funds.

The program would apply to contributions made after July 1, 2021 and would sunset in tax year 2025.

[*Note:* A tax credit program with similar provisions for contributions to technical colleges and other institutions of higher education was in effect from 2008 through 2012.]

### **Background**

The bill was introduced by the House Committee on Taxation at the request of the Kansas Association of Technical Colleges.

[*Note:* With the exception of a few minor technical details, the bill is identical to 2020 HB 2593.]

### ***House Committee on Taxation***

In the House Committee hearing, **proponent** testimony was provided by representatives of the Kansas Association of Community College Trustees and the Kansas Association of Technical Colleges. Written-only **proponent** testimony was provided by a representative of Washburn University. Proponents stated Kansas technical colleges provide an outsized economic benefit to the state relative to the amount of funding they receive, and the bill would help them to have even more of a positive economic impact.

No other testimony was provided.

## **Fiscal Information**

According to the fiscal note prepared by the Division of the Budget, the Department of Revenue indicates the bill would reduce State General Fund receipts by \$3.5 million in fiscal years 2022 through 2026. Any fiscal effect associated with enactment of the bill is not reflected in *The FY 2022 Governor's Budget Report*.

Income taxation; tax credits; technical colleges