

FOUR CAMPUSES UNITED  
**ALL FOUR: COLORADO**

# Federal Tax Plan Impacts at CU

February 8, 2018



University of Colorado

Boulder | Colorado Springs | Denver | Anschutz Medical Campus

# Current Status / How We Got Here

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- *Tax Cuts & Jobs Act* introduced in House November 2, 2017
- Approved by Congress December 20, 2017
- Signed into law (PL 115-97) December 22, 2017
- Effective January 1, 2018
- Some provisions effective for tax year 2017
- Many requirements remain unclear
- Treasury and IRS need to provide regulatory guidance on the new law
- Technical corrections bill "inevitable" but not expected soon



# Advocacy Successes / What We Prevented

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- **Action:** All hands on deck!
  - CU leadership, Board of Regents, CU Advocates, students, alumni, national association partners, etc.
  - Support from the Colorado Congressional Delegation
- **Result:** Preserves provisions that support students
  - Tax exemption for qualified tuition waivers
  - Student loan interest deduction
  - Above-the-line tuition reduction
  - Tax exemption for employer-provided tuition assistance
  - American Opportunity Tax Credit
  - Lifetime Learning Credit



# Advance Refunding of Bonds

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- Refunded \$471.9 million at the end of the year
- Present value savings of \$35.2 million
- CU did 12 advance refundings over the last decade with a present value savings of \$97 million, including the December issue
- Federal infrastructure efforts may result in reconsideration
- Identifying strategies to mitigate negative impact
- Next refunding likely in 2021 or 22
- New project funding in 2020 or 21



# Charitable Giving

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- Standard deduction doubled – 30% of taxpayers itemized
- Large donors will likely continue to itemize
- Donations given because of deduction could be impacted
- Advancement and CUF will closely monitor giving



# Athletics Impacts

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- Seat tax for preferential seating is no longer exempt
- Anecdotally, exemption is not a determining factor for most
- Impact is anticipated to fairly small.
- Eligible donors will still receive preferential seating and parking at athletic events.
- Each percent reduction in ticket sales would result in a \$58,000 revenue loss.



# Unrelated Business Income

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- Business activities such as parking, bookstore, catering and significant outside events are included
- Increased administrative burden
- Activities must now be reported separately so loss in one operation cannot offset losses in others
- Includes non taxable transportation benefits like pre-tax parking and eco-pass
- Impact in 2017 would have been \$1.8 million



# Repeal of Health Care Mandate

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- Very difficult to estimate because of unknown consumer decisions
- If repeal of the individual mandate reduces the number of people getting care through Colorado's health care exchange, each one percent reduction in people signing up would have a \$220,000 impact on CU Medicine.





# Compensation Excise Tax

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- New 21% tax on income above \$1 million per year for the five top employees paid over \$1 million.
- Once on the list, employee would remain on the list regardless of income.
- Includes performance based and incentive pay.
- In FY 2017, this would have cost CU \$436,519 with compensation from three employees being included.

