Federal Tax Plan Impacts at CU
February 8, 2018
Current Status / How We Got Here

- *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

• **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

• 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

- 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

• 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

- 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

• 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

• 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.