February 18, 2019

The Honorable Caryn Tyson, Chairperson
Senate Committee on Assessment and Taxation
Statehouse, Room 123-E
Topeka, Kansas  66612

Dear Senator Tyson:

SUBJECT: Fiscal Note for SB 125 by Senator Hilderbrand, et al.

In accordance with KSA 75-3715a, the following fiscal note concerning SB 125 is respectfully submitted to your committee.

Under current law, the Rural Opportunity Zones Program offers individuals who relocate to a county that has been designated as a Rural Opportunity Zone the opportunity to participate in a Student Loan Forgiveness Program through FY 2021 and receive a 100.0 percent state income tax credit through tax year 2021. SB 125 would extend the sunset for the student loan forgiveness program to FY 2026 and extend the sunset on the income tax credit to tax year 2026. The bill also extends annual reporting requirements to the Senate Committee on Assessment and Taxation and the House Committee on Taxation that includes how many residents applied for this tax credit.

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<tr>
<th>Estimated State Fiscal Effect</th>
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<tbody>
<tr>
<td>FY 2019 SGF</td>
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<tr>
<td>Revenue</td>
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<td>Expenditure</td>
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<td>FTE Pos.</td>
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The Department of Revenue estimates that enactment of SB 125 would decrease State General Fund revenues by $2.6 million in FY 2022 and $3.0 million in FY 2023 because of the extension of the state income tax credit. The Department of Revenue indicates that it would require a total of $52,750 from the State General Fund in FY 2020 to implement the bill and to modify the automated tax system. The required programming for this bill by itself would be performed by
existing staff of the Department of Revenue and outside contract programmer services. In addition, if the combined effect of implementing this bill and other enacted legislation exceeds the Department’s programming resources, or if the time for implementing the changes is too short, additional expenditures for outside contract programmer services beyond the Department’s current budget may be required.

The Department of Commerce indicates that it is currently responsible for administering the Rural Opportunity Zones Program. The Department indicates that eliminating the sunset for the student loan forgiveness component of SB 125 would not have a fiscal effect until FY 2022. Any fiscal effect associated with SB 125 is not reflected in The FY 2020 Governor’s Budget Report.

Sincerely,

Larry L. Campbell
Director of the Budget

cc: Sherry Rentfro, Commerce
    Lynn Robinson, Department of Revenue