

# Proponent Testimony for House Bill 2237 – Extending the eligible time period for the Rural Opportunity Zone loan repayment program and income tax credit

Prepared for the Committee on Assessment & Taxation

March 16, 2021

Thank you Senator Tyson, Senator Alley, Senator Holland, and members of the committee for the opportunity to submit written testimony in support of the extension of the Rural Opportunity Zone (ROZ) program. Our communities have found tremendous value in the ROZ program and see it as a vital tool to help us recruit and retain new residents.

The student loan repayment incentive provides up to \$15,000 over five years to college graduates with outstanding student loan debt. This is an important financial benefit that not only entices professionals to our communities, it also enables them to further invest in their new hometowns more quickly by purchasing homes, investing in businesses, sinking their roots deeply into the Kansas soil. Additionally, these college-educated residents often have the leadership capacity to expand our volunteer-led organizations and to exponentially impact our communities beyond their careers.

The tax incentive, which provides a five-year 100% state income tax credit for those moving into ROZ counties from out-of-state, is also significant. Even communities that do not participate in the student loan repayment portion (a local-state funding match) have realized recruitment benefits from the income tax incentive.

The five-year nature of both components ensures that ROZ participants must commit to rural communities to recognize the full value of the incentive. When participants move to our communities, they often bring spouses and children, too, and most, by the time they've spent five years in our communities, have no plans to leave. In a time where youth out-migration from Kansas is a critical focus, efforts to attract and retain educated Kansans are vitally important.

Of those signing this letter, Luke Mahin and Christy Hopkins have been engaged with the Kansas Department of Commerce's working group regarding the Rural Opportunity Zone program. The proposed initiative, which will be described in the Kansas Department of Commerce's testimony and is detailed in House Bill 2431, includes important modifications to strengthen the program and enable broader use of the program's funds. We appreciate the Department of Commerce's ongoing efforts as well as the opportunity to be involved and provide insight.

Our communities' experiences differ, but each has found substantial value in the Rural Opportunity Zone program. It's an important and vital initiative for the future of rural Kansas and we are eager to see it continue.

Please reach out if we can provide additional information on our individual communities' experiences. We would be happy to answer any questions you have.

Respectfully,

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