

HOUSE BILL No. 2237

By Committee on Financial Institutions and Rural Development

2-4

1 AN ACT concerning economic development; relating to rural opportunity  
2 zones; extending the time period for eligibility in the loan repayment  
3 program and the income tax credit; **defining rural opportunity zone on**  
4 **the basis of population; expanding eligibility for the income tax**  
5 **credit;** amending K.S.A. 74-50,222, 74-50,223 and 79-32,267 and  
6 repealing the existing sections.

7  
8 *Be it enacted by the Legislature of the State of Kansas:*

9 **Section 1. K.S.A. 74-50,222 is hereby amended to read as follows:**  
10 **74-50,222. As used in K.S.A. 74-50,222, 74-50,223 and 79-32,267, and**  
11 **amendments thereto:**

12 (a) **"Institution of higher education" means a public or private**  
13 **nonprofit educational institution that meets the requirements of**  
14 **participation in programs under the higher education act of 1965, as**  
15 **amended, 34 C.F.R. § 600;**

16 (b) **"rural opportunity zone" means** ~~Allen, Anderson, Barber,~~  
17 ~~Bourbon, Brown, Chase, Chautauqua, Cherokee, Cheyenne, Clark, Clay,~~  
18 ~~Cloud, Coffey, Comanche, Decatur, Doniphan, Edwards, Elk, Ellsworth,~~  
19 ~~Gove, Graham, Grant, Gray, Greeley, Greenwood, Hamilton, Harper,~~  
20 ~~Haskell, Hodgeman, Jackson, Jewell, Kearny, Kingman, Kiowa, Labette,~~  
21 ~~Lane, Lincoln, Linn, Logan, Marion, Marshall, Meade, Mitchell,~~  
22 ~~Montgomery, Morris, Morton, Nemaha, Neosho, Ness, Norton, Osborne,~~  
23 ~~Ottawa, Pawnee, Phillips, Pratt, Rawlins, Republic, Rice, Rooks, Rush,~~  
24 ~~Russell, Scott, Sheridan, Sherman, Smith, Stafford, Stanton, Stevens,~~  
25 ~~Sumner, Trego, Thomas, Wabaunsee, Wallace, Washington, Wichita,~~  
26 ~~Wilson or Woodson counties a county with a population of 40,000 persons~~  
27 ~~or less;~~

28 (c) **"secretary" means the secretary of commerce; and**

29 (d) **"student loan" means a federal student loan program supported**  
30 **by the federal government and a nonfederal loan issued by a lender such**  
31 **as a bank, savings and loan or credit union to help students and parents**  
32 **pay school expenses for attendance at an institution of higher education.**

33 ~~Section 1.~~ **Sec. 2. K.S.A. 74-50,223 is hereby amended to read as**  
34 **follows: 74-50,223. (a) Any county that has been designated a rural**  
35 **opportunity zone pursuant to K.S.A. 74-50,222, and amendments thereto,**  
36 **may participate in the program provided in this section by authorizing such**

1 participation by the county commission of such county through a duly  
2 enacted written resolution. Such county shall provide a certified copy of  
3 such resolution to the secretary of commerce on or before January 1, 2012,  
4 for calendar year 2012, or on or before January 1 for each calendar year  
5 thereafter, in which a county chooses to participate. Such resolution shall  
6 obligate the county to participate in the program provided by this section  
7 for a period of five years, and shall be irrevocable. Such resolution shall  
8 specify the maximum amount of outstanding student loan balance for each  
9 resident individual to be repaid as provided in subsection (b), except the  
10 maximum amount of such balance shall be \$15,000.

11 (b) If a county submits a resolution as provided in subsection (a),  
12 under the program provided in this section, subject to subsection (d), the  
13 state of Kansas and such county which chooses to participate as provided  
14 in subsection (a), shall agree to pay in equal shares the outstanding student  
15 loan balance of any resident individual who qualifies to have such  
16 individual's student loans repaid under the provisions of subsection (c)  
17 over a five-year period, except that the maximum amount of such balance  
18 shall be \$15,000. The amount of such repayment shall be equal to 20% of  
19 the outstanding student loan balance of the individual in a year over the  
20 five-year repayment period. The state of Kansas is not obligated to pay the  
21 student loan balance of any resident individual who qualifies pursuant to  
22 subsection (c) prior to the county submitting a resolution to the secretary  
23 pursuant to subsection (a). Each such county shall certify to the secretary  
24 that such county has made the payment required by this subsection.

25 (c) A resident individual shall be entitled to have such individual's  
26 outstanding student loan balance paid for attendance at an institution of  
27 higher education where such resident individual earned an associate,  
28 bachelor or post-graduate degree under the provisions of this section when  
29 such resident individual establishes domicile in a county designated as a  
30 rural opportunity zone which participates in the program as provided in  
31 subsection (a), on and after the date in which such county commenced  
32 such participation, and prior to July 1, ~~2021-2023~~ **2026**. Such resident  
33 individual may enroll in this program in a form and manner prescribed by  
34 the secretary. Subject to subsection (d), once enrolled such resident  
35 individual shall be entitled to full participation in the program for five  
36 years, except that if the resident individual relocates outside the rural  
37 opportunity zone for which the resident individual first qualified, such  
38 resident individual forfeits such individual's eligibility to participate, and  
39 obligations under this section of the state and the county terminate. No  
40 resident individual shall enroll and be eligible to participate in this  
41 program after June 30, ~~2021-2023~~ **2026**.

42 (d) The provisions of this act shall be subject to appropriation acts.  
43 Nothing in this act guarantees a resident individual a right to the benefits

1 provided in this section. The county may continue to participate even if the  
2 state does not participate.

3 (e) The secretary shall adopt rules and regulations necessary to  
4 administer the provisions of this section.

5 (f) On January 1, 2012, and annually thereafter until January 1, ~~2022~~  
6 ~~2024~~ 2027, the secretary of commerce shall report to the senate committee  
7 on assessment and taxation and the house of representatives committee on  
8 taxation as to how many residents applied for the rural opportunity zone  
9 tax credit.

10 Sec. ~~2~~ 3. K.S.A. 79-32,267 is hereby amended to read as follows: 79-  
11 32,267. (a) For taxable years commencing after December 31, 2011, and  
12 before January 1, ~~2022~~ ~~2024~~ 2027, there shall be allowed as a credit  
13 against the tax liability of a resident individual taxpayer an amount equal  
14 to the resident individual's income tax liability under the provisions of the  
15 Kansas income tax act, when the resident individual:

16 (1) ~~(A)~~ Establishes domicile in a rural opportunity zone on or after  
17 July 1, 2011, and prior to January 1, ~~2021~~ ~~2023~~ 2026, and was domiciled  
18 outside this state for five or more years immediately prior to establishing  
19 their domicile in a rural opportunity zone in this state;

20 ~~(B)~~ had Kansas source income less than \$10,000 in any one year  
21 for five or more years immediately prior to establishing their domicile in a  
22 rural opportunity zone in this state; and

23 ~~(C)~~ was domiciled in a rural opportunity zone during the entire  
24 taxable year for which such credit is claimed; *or*

25 *(2) (A) establishes domicile in a rural opportunity zone on or after*  
26 *July 1, 2021, and prior to January 1, 2026, and was domiciled in a*  
27 *metropolitan county as defined in K.S.A. 74-50,211, and amendments*  
28 *thereto, immediately prior to establishing their domicile in a rural*  
29 *opportunity zone in this state; and*

30 *(B) was domiciled in a rural opportunity zone during the entire*  
31 *taxable year for which such credit is claimed.*

32 (b) A resident individual may claim the credit authorized by this  
33 section for not more than five consecutive years following establishment  
34 of their domicile in a rural opportunity zone.

35 (c) The maximum amount of any refund under this section shall be  
36 equal to the amount withheld from the resident individual's wages or  
37 payments other than wages pursuant to K.S.A. 79-3294 et seq., and  
38 amendments thereto, or paid by the resident individual as estimated taxes  
39 pursuant to K.S.A. 79-32,101 et seq., and amendments thereto.

40 (d) No credit shall be allowed under this section if:

41 (1) The resident individual's income tax return on which the credit is  
42 claimed is not timely filed, including any extension; or

43 (2) the resident individual is delinquent in filing any return with, or

1 paying any tax due to, the state of Kansas or any political subdivision  
2 thereof.

3 (e) This section shall be *a* part of and supplemental to the Kansas  
4 income tax act.

5 ~~Sec. 3.~~ **4.** K.S.A. ~~74-50,222~~, 74-50,223 and 79-32,267 are hereby  
6 repealed.

7 ~~Sec. 4.~~ **5.** This act shall take effect and be in force from and after its  
8 publication in the statute book.