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

Be it enacted by the Legislature of the State of Kansas:

Section 1. K.S.A. 74-50,222 is hereby amended to read as follows:

74-50,222. As used in K.S.A. 74-50,222, 74-50,223 and 79-32,267, and amendments thereto:

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

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

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

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

Section 1. Sec. 2. K.S.A. 74-50,223 is hereby amended to read as follows: 74-50,223. (a) Any county that has been designated a rural opportunity zone pursuant to K.S.A. 74-50,222, and amendments thereto, may participate in the program provided in this section by authorizing such
HB 2237—Am. by SC 2

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

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

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

(d) The provisions of this act shall be subject to appropriation acts.
Nothing in this act guarantees a resident individual a right to the benefits
provided in this section. The county may continue to participate even if the
state does not participate.
(e) The secretary shall adopt rules and regulations necessary to
administer the provisions of this section.
(f) On January 1, 2012, and annually thereafter until January 1, 2022,
2024, 2027, the secretary of commerce shall report to the senate committee
on assessment and taxation and the house of representatives committee on
taxation as to how many residents applied for the rural opportunity zone
tax credit.
Sec. 2. K.S.A. 79-32,267 is hereby amended to read as follows: 79-
32,267. (a) For taxable years commencing after December 31, 2011, and
before January 1, 2022, 2024, 2027, there shall be allowed as a credit
against the tax liability of a resident individual taxpayer an amount equal
to the resident individual's income tax liability under the provisions of the
Kansas income tax act, when the resident individual:
(1) (A) Establishes domicile in a rural opportunity zone on or after
July 1, 2011, and prior to January 1, 2021, 2023, 2026, and was domiciled
outside this state for five or more years immediately prior to establishing
their domicile in a rural opportunity zone in this state;
(2) (B) had Kansas source income less than $10,000 in any one year
for five or more years immediately prior to establishing their domicile in a
rural opportunity zone in this state; and
(3) (C) was domiciled in a rural opportunity zone during the entire
taxable year for which such credit is claimed; or
(2) (A) establishes domicile in a rural opportunity zone on or after
July 1, 2021, and prior to January 1, 2026, and was domiciled in a
metropolitan county as defined in K.S.A. 74-50,211, and amendments
thereto, immediately prior to establishing their domicile in a rural
opportunity zone in this state; and
(B) was domiciled in a rural opportunity zone during the entire
taxable year for which such credit is claimed.
(b) A resident individual may claim the credit authorized by this
section for not more than five consecutive years following establishment
of their domicile in a rural opportunity zone.
(c) The maximum amount of any refund under this section shall be
equal to the amount withheld from the resident individual's wages or
payments other than wages pursuant to K.S.A. 79-3294 et seq., and
amendments thereto, or paid by the resident individual as estimated taxes
pursuant to K.S.A. 79-32,101 et seq., and amendments thereto.
(d) No credit shall be allowed under this section if:
(1) The resident individual's income tax return on which the credit is
claimed is not timely filed, including any extension; or
(2) the resident individual is delinquent in filing any return with, or
paying any tax due to, the state of Kansas or any political subdivision thereof.

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

Sec. 4. K.S.A. 74-50,222, 74-50,223 and 79-32,267 are hereby repealed.

Sec. 5. This act shall take effect and be in force from and after its publication in the statute book.