

Department of Commerce  
1000 S.W. Jackson St., Suite 100  
Topeka, KS 66612-1354



Phone: (785) 296-3481  
Fax: (785) 296-5055  
KansasCommerce.gov

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David C. Toland, Secretary

Laura Kelly, Governor

TO: The Honorable Governor Kelly  
House Speaker Ron Ryckman  
Senate President Ty Masterson  
House Majority Leader Daniel Hawkins  
Senate Majority Leader Gene Suellentrop  
House Minority Leader Tom Sawyer  
Senate Minority Leader Dinah Sykes  
Senate Assessment and Taxation Committee  
Senate Commerce Committee  
House Commerce, Labor and Economic Development Committee  
House Taxation Committee

FROM: David C. Toland, Secretary of Commerce

DATE: February 1, 2021

RE: Fiscal Year 2020 ROZ Annual Report

The following information is for the reporting period beginning July 1, 2019 and ending June 30, 2020 (Fiscal Year 2020) and is provided to satisfy the annual reporting requirements of K.S.A. 74-50,223 in the Rural Opportunities Zones Act.

# RURAL OPPORTUNITY ZONES

## 2020 ANNUAL REPORT

JANUARY 2021



# THE RURAL OPPORTUNITY ZONE (ROZ)

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The Rural Opportunity Zone (ROZ) Program was introduced in 2012. The main goal of the program was to help slow or reduce outmigration in many Kansas rural communities. It includes two individual financial incentives that are funded through a single appropriation of \$5 million, however they maintain separate eligibility requirements. The program was initially targeted to 50 counties, although it has been expanded in recent years to include 77 counties.

The program consists of two components: (1) a state income tax waiver and (2) student loan repayment assistance, both of which are available for up to five years. Currently 57 of the 77 counties offer student loan repayment assistance. Twenty counties only offer the income tax waiver component.

## INCOME TAX WAIVER

The five-year state income tax waiver aims to relieve some of the costs associated with an interstate move, such as obtaining a new driver's license, registering and insuring an automobile, paying required deposits for rent and utilities and finding new health care providers, among other things. The tax waiver component of the ROZ program provides a waiver for 100 percent of the participant's state income tax liability for up to five years.

To qualify for the state income tax waiver, the applicant must meet the following set of criteria:

- Establish domicile in a ROZ county on or after the date the county was included in the program
- Lived outside the State of Kansas for at least five years prior to establishing domicile in the ROZ county
- Earned less than \$10,000 in Kansas-source income in each of the five years immediately prior to establishing domicile in the ROZ county
- Reside in the county from January 1st to December 31st of the year the waiver is requested

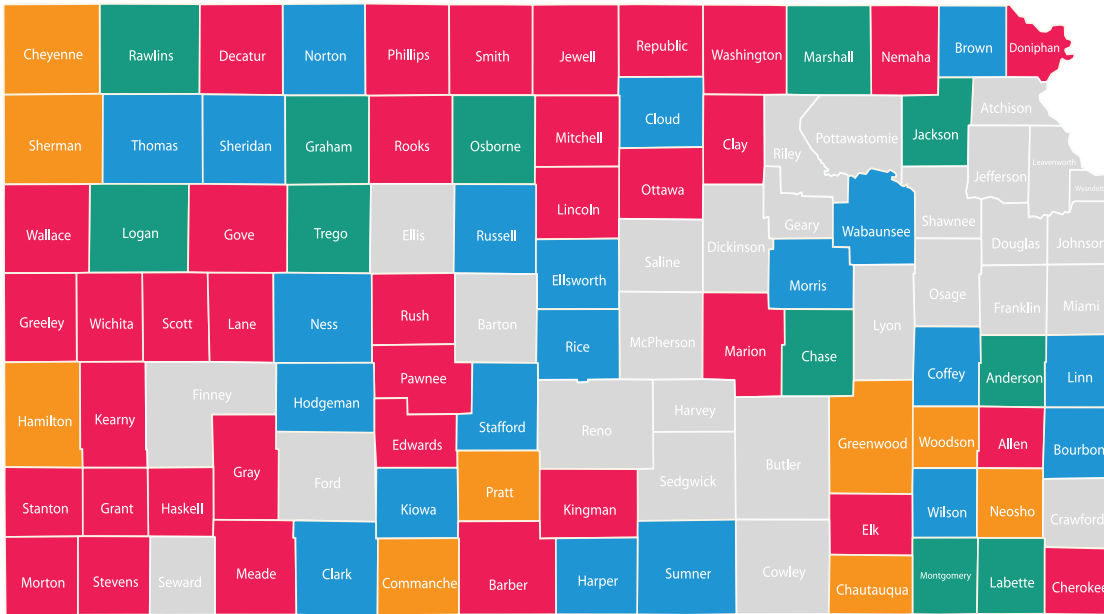
## STUDENT LOAN REPAYMENT ASSISTANCE

The student loan repayment assistance component of the program aims to help rural businesses and communities recruit people with higher educations and a broader range of skills to fill positions within the area. By partnering with business and county sponsors, Kansas offers eligible individuals up to \$3,000 per year, for five years to put toward their student loans. If an individual's loan balance is less than \$15,000, she/he receives 20 percent of the loan balance paid each year for 5 years. For example, a person with \$10,000 in student loan debt would receive \$2,000 per year, for five years.

To qualify for student loan repayment assistance, an applicant must meet the following criteria:

- Establish domicile in a ROZ county after July 1, 2011, on/after the date on which the county opted in to the student loan program
  - Hold an associate, bachelor's, or postgraduate degree prior to moving to a ROZ county
  - Have an outstanding student loan balance in applicant's name
  - Be able to provide proof of residency at current and previous addresses, proof of degree, proof of student loan balance with distribution dates, and a Kansas Tax Clearance Certificate
  - Have a county or employer sponsor. *An applicant must have a sponsor to receive funding from the state.*
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# ROZ ANNUAL PARTICIPANTS



- Student loan repayments up to \$15,000 with employer or county sponsorship and Kansas income tax waiver eligibility.
- Student loan repayments up to \$15,000 with employer sponsorship and Kansas income tax waiver.
- Kansas income tax waivers for up to five years, only.
- No longer allowing student loan applications.

**3,939**

TOTAL APPLICATIONS

**1,274**

SL PARTICIPANTS ALL TIME

**436**

CURRENTLY ACTIVE

**378**

COMPLETED 5 YEARS

**533**

WITHDREW - NEVER FUNDED

**63**

WITHDREW - PAID LOANS OFF EARLY

**397**

DISQUALIFIED

**144**

WAITING FOR SPONSOR

**57**

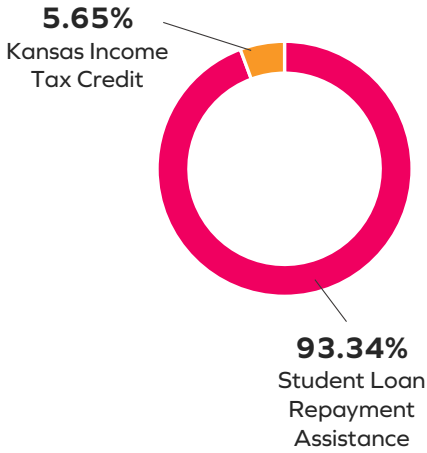
COUNTIES ACTIVELY PARTICIPATING IN SL

## TAX CREDIT APPLICANTS

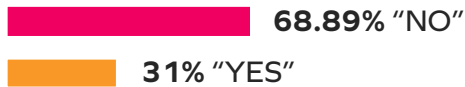
TAX YEAR	2012	2014	2013	2015	2016	2017	2018	2019	
FILERS	98	253	335	419	494	533	500	497	
CREDIT ALLOWED	\$236,660	\$575,331	\$968,896	\$1,289,433	\$1,344,693	\$1,727,904	\$1,924,660	\$1,960,796	<b>\$10,028,373</b>

# HIGHLIGHTS FROM PARTICIPANT SURVEY

1. Which ROZ benefits do you or have you received?



2. Did you move to a ROZ county from another state?



3. If you answered yes to the previous question, did you already have plans to move to Kansas?



4. If you answered yes to the previous question, did you already have plans to move to your current county before learning about the ROZ program?



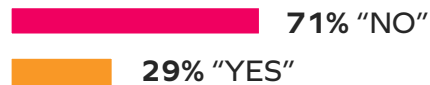
5. If you answered yes to the previous question, did the ROZ program cause you to change the timing of your move?



6. Would you have moved to your current county of residence without the income tax and/or student loan benefits?



7. Did you choose to remain in Kansas because of the income tax and/or student loan benefit (i.e. Were you thinking about leaving the state before you learned about the ROZ program)?



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