

## HOUSE BILL No. 2431

By Committee on Taxation

3-11

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1 AN ACT concerning rural opportunity zones; changing the definition of  
2 rural opportunity zone; expanding eligibility for program participants;  
3 adding down payment assistance as a benefit under such program;  
4 providing for a two-track program and establishing a new rural  
5 community building program option; amending K.S.A. 74-50,222, 74-  
6 50,223 and 79-32,267 and repealing the existing sections.  
7

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

9 New Section 1. (a) Any county that meets the definition of a rural  
10 opportunity zone as defined in K.S.A. 74-50,222, and amendments thereto,  
11 may, in addition to the tax credit provided by K.S.A. 79-32,267, and  
12 amendments thereto, participate in either the rural community building  
13 program provided in this section or the program as provided in K.S.A. 74-  
14 50,223, and amendments thereto, as authorized by the board of county  
15 commissioners of such county through duly enacting a written resolution  
16 and providing a certified copy of the resolution to the secretary of  
17 commerce pursuant to the provisions of K.S.A. 74-50,223(a), and  
18 amendments thereto.

19 (b) If the board of county commissioners of a county submits a  
20 resolution as provided in subsection (a) electing to participate in the rural  
21 community building program, the state of Kansas and the county shall  
22 agree to enter into a five-year community building program to address  
23 rural migration as provided in this section. The county shall irrevocably  
24 commit to the program for five years. The program shall be developed and  
25 implemented with the assistance of the secretary of commerce. The  
26 secretary shall provide such assistance as reasonably necessary to the  
27 county to assist the county in meeting the program objectives as set forth  
28 in subsections (c) through (g). A failure by the county to meet the  
29 objectives of the program, as determined by the secretary, shall result in  
30 the cessation of program assistance or funding by the state. In considering  
31 whether such objectives have been met, the secretary shall consider the  
32 extent of resources respectively available to a county, the county's effort to  
33 apply the available resources, including resources provided by the  
34 secretary or otherwise by the state and the level of community support for  
35 the program. The secretary may extend time deadlines provided by this  
36 section if the secretary finds the county has made a good faith effort to

1 meet the objective within the timeframe and the purposes of the program  
2 would be furthered by extending the deadline.

3 (c) Within the first year of the program, the county shall produce a  
4 written assessment of its marketing capacity that shall be made available to  
5 the public. The county shall develop and employ an online website that, in  
6 the judgment of the secretary, is an attractive, functional and effective  
7 marketing tool that includes leading-edge functionalities.

8 (d) Within the second year of the program, the county, with the  
9 approval of the secretary, shall select, design and implement small-scale  
10 community improvement projects that are intended to improve the  
11 attractiveness of the community to new residents and to retain existing  
12 residents, including elderly residents. Such projects may include, but are  
13 not limited to, beautification of main streets, parks, mini-parks,  
14 playgrounds and playground equipment or the development of community  
15 gathering places including outdoor or indoor entertainment venues or  
16 community centers. Subject to appropriations, the state shall provide funds  
17 for such projects that shall be matched in equal share by the county. If  
18 authorized by the county, the county's share may be provided, in whole or  
19 in part, by any municipality or political subdivision within the county or  
20 by any organization, business, group or individual. The county shall  
21 publish plans for the development of such projects on the county's website.

22 (e) Within the third year of the program, the county shall conduct and  
23 produce a comprehensive housing assessment. The housing assessment  
24 shall include an evaluation of existing housing units and the results of  
25 surveys, undertaken subsequent to the implementation of the program, of  
26 residents and employers regarding the demand for new or improved  
27 housing units and the type of units needed. The housing assessment shall  
28 also include an evaluation of the feasibility of creating a local equity pool  
29 to assist in the construction or renovation of housing. The housing  
30 assessment shall be made available to the public and published on the  
31 county's website.

32 (f) Within the fourth year of the program, the secretary and the  
33 Kansas housing resources corporation shall assist the board of county  
34 commissioners in identifying funding sources, matching housing  
35 developers with county communities and developing and implementing a  
36 housing plan to address needs identified by the housing assessment. The  
37 housing plan shall require the renovation of existing housing where  
38 feasible. The county shall organize housing development teams consisting  
39 of local tradespeople, volunteers or organizations with the capacity to  
40 build or renovate housing units pursuant to the housing plan. The county  
41 shall commit to developing a specified number of units, as provided by the  
42 housing plan, within the time frame provided by subsection (g). The  
43 county shall develop equity pools for the purpose of funding the housing

1 development pursuant to the plan. The housing plan shall be made  
2 available to the public and published on the county's website.

3 (g) At the beginning of the fifth year of the program, construction or  
4 renovation shall begin on the housing units identified to be built or  
5 renovated, and such construction or renovation shall be completed within  
6 12 months.

7 (h) The provisions of this section shall be subject to appropriation  
8 acts.

9 (i) The secretary shall adopt rules and regulations necessary to  
10 administer the provisions of this section.

11 Sec. 2. K.S.A. 74-50,222 is hereby amended to read as follows: 74-  
12 50,222. As used in K.S.A. 74-50,222, 74-50,223 and 79-32,267, and  
13 amendments thereto:

14 (a) "Institution of higher education" means:

15 (1) *Any community college established pursuant to chapter 71 of the*  
16 *Kansas Statutes Annotated, and amendments thereto;*

17 (2) *any technical college established under the laws of this state;*

18 (3) *the Washburn institute of technology;*

19 (4) *any two-year associate degree program or career and technical*  
20 *education program offered by a private postsecondary educational*  
21 *institution with its primary location in Kansas and accredited by the*  
22 *higher learning commission; or*

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

26 (b) "rural opportunity zone" means ~~Allen, Anderson, Barber,~~  
27 ~~Bourbon, Brown, Chase, Chautauqua, Cherokee, Cheyenne, Clark, Clay,~~  
28 ~~Cloud, Coffey, Comanche, Decatur, Doniphan, Edwards, Elk, Ellsworth,~~  
29 ~~Gove, Graham, Grant, Gray, Greeley, Greenwood, Hamilton, Harper,~~  
30 ~~Haskell, Hodgeman, Jackson, Jewell, Kearny, Kingman, Kiowa, Labette,~~  
31 ~~Lane, Lincoln, Linn, Logan, Marion, Marshall, Meade, Mitchell,~~  
32 ~~Montgomery, Morris, Morton, Nemaha, Neosho, Ness, Norton, Osborne,~~  
33 ~~Ottawa, Pawnee, Phillips, Pratt, Rawlins, Republic, Rice, Rooks, Rush,~~  
34 ~~Russell, Scott, Sheridan, Sherman, Smith, Stafford, Stanton, Stevens,~~  
35 ~~Sumner, Trego, Thomas, Wabaunsee, Wallace, Washington, Wichita,~~  
36 ~~Wilson or Woodson counties a county with a population of less than~~  
37 ~~35,000 persons;~~

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

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

43 Sec. 3. K.S.A. 74-50,223 is hereby amended to read as follows: 74-

1 50,223. (a) Any county that ~~has been designated~~ *meets the definition of a*  
2 *rural opportunity zone pursuant to K.S.A. 74-50,222, and amendments*  
3 *thereto, may participate in addition to utilizing the tax credit pursuant to*  
4 *K.S.A. 79-32,267, and amendments thereto, may participate in either the*  
5 *program provided in this section or the rural community building program*  
6 *provided in section 1, and amendments thereto, by authorizing such*  
7 *participation by the county commission of such county through a duly*  
8 *enacted written resolution. The resolution shall specify whether the county*  
9 *is electing to participate in the program provided in this section or the*  
10 *rural community building program provided in section 1, and amendments*  
11 *thereto. A county may only participate in one of such programs during the*  
12 *five-year period. Such county shall provide a certified copy of such*  
13 *resolution to the secretary of commerce on or before January 1, 2012, for*  
14 *calendar year 2012, or on or before January 1 for each calendar year*  
15 *thereafter, in which a county chooses to participate. Such resolution shall*  
16 *obligate the county to participate in either the program provided by this*  
17 *section or the program provided by section 1, and amendments thereto, for*  
18 *a period of five years; and shall be irrevocable. In the case of a resolution*  
19 *electing participation in the program provided by this section, such*  
20 *resolution shall specify the maximum amount of outstanding student loan*  
21 *balance for each resident individual to be repaid as provided in subsection*  
22 *(b), except the maximum amount of such balance shall not be more than*  
23 *\$15,000.*

24 (b) If a county submits a resolution as provided in subsection (a),  
25 under the program provided in this section, subject to subsection (d), the  
26 state of Kansas and such county ~~which~~ *that* chooses to participate as  
27 provided in subsection (a); shall agree:

28 (1) (A) To pay in equal shares the outstanding student loan balance of  
29 any resident individual who qualifies to have such individual's student  
30 loans repaid under the provisions of subsection (c) over a five-year period,  
31 except that the maximum amount of such balance shall be \$15,000. The  
32 amount of such repayment shall be equal to 20% of the outstanding  
33 student loan balance of the individual in a year over the five-year  
34 repayment period. *The county's share of the payment may be provided in*  
35 *whole or in part by the employer of the individual, any municipality or*  
36 *political subdivision within the county or any other organization, business,*  
37 *group or individual, including the qualified participant, if so authorized by*  
38 *the county. The state of Kansas is not obligated to pay the student loan*  
39 *balance of any resident individual who qualifies pursuant to subsection (c)*  
40 *prior to the county submitting a resolution to the secretary pursuant to*  
41 *subsection (a). Each such county shall certify to the secretary that ~~such~~*  
42 *county has made the payment required by this ~~subsection~~ subparagraph*  
43 *has been made; or*

1       (B) that the state shall pay up to 1.5% of the down payment for the  
2 purchase of a residence within the county by a resident individual who  
3 qualifies under subsection (c) and is a first-time homebuyer, if the state's  
4 payment is matched by a sponsor. The sponsor may be or include the  
5 county, the employer of the individual, any municipality or political  
6 subdivision within the county or any other organization, business, group  
7 or individual, including the qualified individual, if so authorized by the  
8 county. The county shall agree to commit at least \$10,000 towards  
9 matching funds for sponsorships. The state of Kansas shall not be  
10 obligated to pay a portion of the down payment of any resident individual  
11 who qualifies pursuant to subsection (c) prior to the county submitting a  
12 resolution to the secretary pursuant to subsection (a). Each county shall  
13 certify to the secretary that such county has committed the funds required  
14 by this subparagraph; and

15       (2) that the failure of the county to make the certifications required by  
16 subparagraphs (1)(A) or (B) shall cause the county to lose active status as  
17 a rural opportunity zone, and until active status is restored by the  
18 secretary, no resident individual may be initially accepted for loan  
19 repayment or down payment assistance pursuant to this section or for the  
20 tax credit pursuant to K.S.A. 79-32,267, and amendments thereto. A county  
21 may participate in one or both programs pursuant to subsection (b)(1)(A)  
22 or (b)(1)(B), but an eligible resident individual may only receive benefits  
23 pursuant to one such program offered by the county.

24       (c) A resident individual shall be entitled to elect either to have such  
25 individual's outstanding student loan balance paid for attendance at an  
26 institution of higher education where such resident individual earned ~~an~~ a  
27 career and technical education program certificate or associate, bachelor  
28 or post-graduate degree ~~under the provisions of this section as provided by~~  
29 subsection (b)(1)(A) or to have a portion of the individual's down payment  
30 for the purchase of a home paid as provided by subsection (b)(1)(B), when  
31 such resident individual establishes domicile in, or alternatively, for  
32 program participants on and after June 1, 2021, such resident individual  
33 has maintained their permanent residence or domicile in and either  
34 continues to reside in or has returned to a county designated as a rural  
35 opportunity zone ~~which that~~ participates in ~~the~~ a program as provided in  
36 subsection (a), on and after the date in which such county commenced  
37 such participation, and prior to July 1, ~~2024~~ 2026. Such resident individual  
38 may enroll in ~~this~~ a program in a form and manner prescribed by the  
39 secretary. Subject to subsection (d), once enrolled in the student loan  
40 repayment program, such resident individual shall be entitled to full  
41 participation in the program for five years, except that if the resident  
42 individual relocates outside the rural opportunity zone for which the  
43 resident individual first qualified, such resident individual forfeits such

1 individual's eligibility to participate, and obligations under this section of  
2 the state and the county terminate. No resident individual shall enroll and  
3 be eligible to participate in this program after June 30, ~~2024~~ 2026. *A*  
4 *resident individual who meets the requirements for the tax credit pursuant*  
5 *to K.S.A. 79-32,267, and amendments thereto, may receive such tax credit*  
6 *in addition to either the benefit offered by subsection (b)(1)(A) or*  
7 *subsection (b)(1)(B).*

8 (d) The provisions of this act shall be subject to appropriation acts.  
9 Nothing in this act guarantees a resident individual a right to the benefits  
10 provided in this section. The county may continue to participate even if the  
11 state does not participate.

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

14 (f) On January 1, 2012, and annually thereafter until January 1, ~~2022~~  
15 ~~2027~~, the secretary of commerce shall report to the senate committee on  
16 assessment and taxation and the house of representatives committee on  
17 taxation as to how many residents applied for the rural opportunity zone  
18 tax credit.

19 Sec. 4. K.S.A. 79-32,267 is hereby amended to read as follows: 79-  
20 32,267. (a) For taxable years commencing after December 31, 2011, and  
21 before January 1, 2022, there shall be allowed as a credit against the tax  
22 liability of a resident individual taxpayer an amount equal to the resident  
23 individual's income tax liability under the provisions of the Kansas income  
24 tax act, when the resident individual:

25 (1) Establishes domicile in a rural opportunity zone on or after July 1,  
26 2011, and prior to January 1, ~~2024~~ 2026, and was domiciled outside this  
27 state for five or more years immediately prior to establishing their  
28 domicile in a rural opportunity zone in this state;

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

32 (3) was domiciled in a rural opportunity zone during the entire  
33 taxable year for which such credit is claimed.

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

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

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

43 (1) The resident individual's income tax return on which the credit is

1 claimed is not timely filed, including any extension; or

2 (2) the resident individual is delinquent in filing any return with, or  
3 paying any tax due to, the state of Kansas or any political subdivision  
4 thereof.

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

7 Sec. 5. K.S.A. 74-50,222, 74-50,223 and 79-32,267 are hereby  
8 repealed.

9 Sec. 6. This act shall take effect and be in force from and after its  
10 publication in the statute book.