



Committee on Taxation
Testimony on HB 2298 – Removing the Sunset for Rural Opportunity Zones
Wednesday, March 11, 2015

Thank you for the opportunity to testify in support of HB 2298 and the removal of the sunset for the Rural Opportunity Zones (ROZ) program. As the economic development director serving Montgomery County, ROZ offers a valuable tool to local businesses and industries in their efforts to recruit and retain top level talent. Due to our county only recently being added to the ROZ program on July 1, 2014, HB 2298 will enable our participants the full 5 years of program benefit and provide local employers the opportunity to fully utilize the program as a recruitment tool.

When supporting last year's ROZ expansion, I viewed Montgomery County's inclusion in the ROZ program as critical for three important reasons.

1. **Direct feedback from local employers consistently identifies difficulties in recruiting highly skilled employees to our rural county.** MCAC's recent business surveys indicate that all companies surveyed are experiencing some level of difficulty in recruiting certain positions. Furthermore, testimony submitted for Montgomery County's inclusion in the ROZ program included the following statements:
 - a. "Despite the fact that John Deere offers highly competitive salaries and benefits, it is very difficult to attract well educated and qualified graduates to southeast Kansas for a variety of reasons. In fact, more than a third of our Coffeyville workforce chooses to live outside of the state because of more attractive community opportunities located in close proximity to the Coffeyville area." ROZ "will provide an additional opportunity to attract new, qualified employees to this region and to the state of Kansas." - Joseph P. Fons, Factory Manager, John Deere Coffeyville Works
 - b. "Attracting and retaining qualified candidates to southeast Kansas continues to pose significant challenges for various reasons. Last year alone, of those candidates who were offered employment and resided outside of the state of Kansas, the successful hire rate was less than forty-percent. Therefore, we feel the requirements of this program would be a vast addition to our existing total rewards package."
- Jim Walters, Sr. Vice-President Human Resources, Cessna Aircraft
 - c. "Due to our increased potential for job growth, in combination with anticipated retirements, we have a companywide need for qualified employees. The jobs are high salaried positions. It is very difficult to attract well educated and qualified graduates to southeast Kansas for a variety of reasons. In fact, more than a fourth of our Coffeyville workforce chooses to live in Oklahoma or Missouri because of more attractive community opportunities." - Gina Bowman, Vice President, Government Relations, CVR Energy
2. **Many employees working at Montgomery County employers, particularly those in high paying positions, choose to reside across the border in Oklahoma communities with higher populations and more perceived amenities.** As anecdotally referenced in the quotations above, this issue is verified through US Census Bureau data and trending negatively. In 2002 7.6% of primary jobs in Montgomery County were filled by non-residents of the state. By 2011, the most current data available, this percentage has increased to 12.4%, an increase of 63%.

3. **Montgomery County's sustained population loss is arguably the most severe in the State.** As a county, our population peaked in 1930 at 51,411 and has been in a nearly constant state of decline since and was estimated by the census bureau at 34,292 in 2013, a loss of 33.3%. More concerning is the fact that since the 2010 Census, Montgomery County has lost more residents than any county in the state at 1,179 or 3.32%.

In addressing these areas of concern, ROZ is already bearing fruit in just over eight months as an eligible county. In June of 2014, well attended information sessions for local human resources managers and other interested parties were held in both Coffeyville and Independence and information was disseminated to area realtor associations. Local brochures were produced and distributed to county employers in electronic and print format. Feedback from company leadership regarding ROZ as an additional recruitment tool has been extremely positive. This employer support for the program is now translating into applicant activity. In the first six months of eligibility, Montgomery led all counties in the number of student loan program applications received by the Department of Commerce at 18 and that number is now 24. While these numbers alone are a great cause for optimism they do not account for ROZ beneficiaries receiving only the income tax credit, which through personal feedback, I believe to be significant.

In closing, I ask for your support of HB 2298 and ultimately that of the businesses and communities in Montgomery County that the Rural Opportunity Zones program assists. As a component of efforts to encourage new employees to accept positions with our local companies and to reside in our communities as opposed to larger cities across state lines, ROZ is of immense value. The elimination of the current sunset provision will allow local stakeholders to promote the benefits of the program with certainty, maximizing its impact. Once again, I ask for your support and thank you for your consideration of this important program change.

Sincerely,



Aaron Heckman
Executive Director
Montgomery County Action Council