

[As Amended by Senate Committee of the Whole]

As Amended by Senate Committee

Session of 2011

SENATE BILL No. 198

By Committee on Assessment and Taxation

2-11

1 AN ACT concerning economic development; creating rural opportunity
2 zones; relating to income taxation, credit for certain taxpayers,
3 amount and requirements; student loan repayment program.

4
5 *Be it enacted by the Legislature of the State of Kansas:*

6 Section 1. As used in sections 1 through 3, and amendments
7 thereto:

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

12 (b) "rural opportunity zone" means Barber, Chautauqua,
13 Cheyenne, Clark, **Cloud, Comanche**, Decatur, Edwards, **Elk**, Gove,
14 Graham, Greeley, Greenwood, [**Hamilton,**] Harper, [**Hodgeman,**]
15 Jewell, [**Kearney,**] Kingman, Kiowa, Lane, Lincoln, Logan, Marion,
16 **Mitchell**, Morton, Ness, Norton, Osborne, Pawnee, Phillips, [**Pratt,**]
17 Rawlins, Republic, Rooks, Rush, Russell, Scott, Sheridan, Sherman,
18 Smith, **Stafford**, Stanton, Trego, Thomas, Wallace, Washington,
19 Wichita, **Wilson** or Woodson counties;

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

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

26 Sec. 2. (a) For taxable years commencing after December 31,
27 2011, and before January 1, 2017, there shall be allowed as a credit
28 against the tax liability of a resident individual taxpayer an amount
29 equal to the resident individual's income tax liability under the
30 provisions of the Kansas income tax act, when the resident individual:

31 (1) ***Establishes domicile in a rural opportunity zone on or after***

1 ***July 1, 2011, and prior to January 1, 2016, and*** was domiciled outside
2 this state for five or more years immediately prior to establishing their
3 domicile in a rural opportunity zone in this state;

4 (2) had ~~no~~ Kansas source income ***less than \$10,000 in any one***
5 ***year*** for five or more years immediately prior to establishing their
6 domicile in a rural opportunity zone in this state; and

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

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

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

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

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

20 (2) the resident individual is delinquent in filing any return with,
21 or paying any tax due to, the state of Kansas or any political
22 subdivision thereof; ~~or~~

23 ~~(3) the resident individual does not establish such individual's~~
24 ~~domicile in a rural opportunity zone prior to January 1, 2016 .~~

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

27 Sec. 3. (a) Any county that has been designated a rural
28 opportunity zone pursuant to section 1, and amendments thereto, may
29 participate in the program provided in this section by authorizing such
30 participation by the county commission of such county through a duly
31 enacted written resolution. Such county shall provide a certified copy
32 of such resolution to the secretary of commerce on or before January 1,
33 2012, for calendar year 2012, or on or before January 1 for each
34 calendar year thereafter, in which a county chooses to participate. Such
35 resolution shall obligate the county to participate in the program
36 provided by this section for a period of five years, and shall be
37 irrevocable. Such resolution shall specify the maximum amount of
38 outstanding student loan balance for each resident individual to be
39 repaid as provided in subsection (b), except the maximum amount of

1 such balance shall be \$15,000.

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

17 (c) A resident individual shall be entitled to have such individual's
18 outstanding student loan balance paid for attendance at an institution of
19 higher education where such resident individual earned an associate,
20 bachelor or post-graduate degree under the provisions of this section
21 when: ~~(1) The resident individual was domiciled outside this state for~~
22 ~~three or more years and had no Kansas source income less than~~
23 ~~\$10,000 in any one year for two or more years immediately prior to~~
24 ~~establishing such individual's domicile in a rural opportunity zone in~~
25 ~~this state; or (2) the resident individual was a resident of Kansas prior~~
26 ~~to attending an out-of-state institution of higher education [such~~
27 ~~resident individual establishes domicile in a county designated as a~~
28 ~~rural opportunity zone which participates in the program as provided~~
29 ~~in subsection (a), on and after the date in which such county~~
30 ~~commenced such participation, and prior to July 1, 2016].~~ Such
31 resident individual may enroll in this program in a form and manner
32 prescribed by the secretary. Subject to subsection (d), once enrolled
33 such resident individual shall be entitled to full participation in the
34 program for five years, except that if the resident individual relocates
35 outside the rural opportunity zone for which the resident individual first
36 qualified, such resident individual forfeits such individual's eligibility
37 to participate, and obligations under this section of the state and the
38 county terminate. No resident individual shall enroll and be eligible to
39 participate in this program after June 30, 2016.

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

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

7 *[(f) On January 1, 2012, and annually thereafter until January*
8 *1, 2017, the secretary of commerce shall report to the senate*
9 *committee on assessment and taxation and the House of*
10 *Representatives committee on taxation as to how many residents*
11 *applied for the rural opportunity zone tax credit.]*

12 Sec. 4. This act shall take effect and be in force from and after its
13 publication in the statute book.

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