

HOUSE BILL No. 2406

By Committee on Taxation

3-11

1 AN ACT concerning economic development; relating to urban core
2 housing, opportunity zone and individual development tax-based
3 incentives; amending K.S.A. 12-5241 and 12-5243 and K.S.A. 2014
4 Supp. 12-5242, 74-50,208, 74-50,222 and 74-50,223 and repealing the
5 existing sections.

6
7 *Be it enacted by the Legislature of the State of Kansas:*

8 Section 1. K.S.A. 12-5241 is hereby amended to read as follows: 12-
9 5241. This act shall be known and may be cited as the Kansas rural *and*
10 *urban core* housing incentive district act.

11 Sec. 2. K.S.A. 2014 Supp. 12-5242 is hereby amended to read as
12 follows: 12-5242. Except as otherwise provided, as used in K.S.A. 12-
13 5241 through 12-5251 and K.S.A. 2014 Supp. 12-5252 through 12-5258,
14 and amendments thereto, the following words and phrases shall have the
15 following meanings unless a different meaning clearly appears from the
16 context:

17 (a) "City" means any city incorporated in accordance with Kansas
18 law *with:*

19 (1) *Zip codes 66101, 66102, 66104, 67210 or 66603; or*

20 (2) with a population of less than 60,000 in a county with a
21 population of less than 80,000, as certified to the secretary of state by the
22 director of the division of the budget on the previous July 1 in accordance
23 with K.S.A 11-201, and amendments thereto.

24 (b) "City housing authority" means any agency of a city created
25 pursuant to the municipal housing law, K.S.A. 17-2337 et seq., and
26 amendments thereto.

27 (c) "Corporation" means the Kansas housing resources corporation.

28 (d) "County" means any county organized in accordance with K.S.A.
29 18-101 et seq., and amendments thereto, *with:*

30 (1) *Zip codes 66101, 66102, 66104, 67210 or 66603; or*

31 (2) with a population of less than 60,000, as certified to the secretary
32 of state by the director of the division of the budget on the previous July 1st
33 in accordance with K.S.A 11-201, and amendments thereto.

34 (e) "Developer" means the person, firm or corporation responsible
35 under an agreement with the governing body to develop housing or related
36 public facilities in a district.

1 (f) "District" means a rural *or urban core* housing incentive district
2 established in accordance with ~~this act~~ *the Kansas rural and urban core*
3 *housing incentive district act*.

4 (g) "Governing body" means the board of county commissioners of
5 any county or the mayor and council, mayor and commissioners or board
6 of commissioners, as the laws affecting the organization and status of
7 cities affected may provide.

8 (h) "Housing development activities" means the construction or
9 rehabilitation of infrastructure necessary to support construction of new
10 residential dwellings and the actual construction of such residential
11 dwellings, if such construction is conducted by a city housing authority.

12 (i) "Secretary" means the secretary of commerce of the state of
13 Kansas.

14 (j) "Real property taxes" means and includes all taxes levied on an ad
15 valorem basis upon land and improvements thereon.

16 (k) "Taxing subdivision" means the county, the city, the unified
17 school district, and any other taxing subdivision levying real property
18 taxes, the territory or jurisdiction of which includes any currently existing
19 or subsequently created rural housing incentive district.

20 (l) "*Urban core*" means zip codes 66101, 66102, 66104, 67210 and
21 66603.

22 Sec. 3. K.S.A. 12-5243 is hereby amended to read as follows: 12-
23 5243. It is hereby declared to be the purpose of ~~this act~~ *the Kansas rural*
24 *and urban core housing incentive district act* to encourage the
25 development and renovation of housing in the rural cities and counties *and*
26 *urban core* of Kansas by authorizing cities and counties to assist directly in
27 the financing of public improvements that will support such housing in
28 rural *and urban core* areas of Kansas which experience a shortage of
29 housing.

30 Sec. 4. K.S.A. 2014 Supp. 74-50,208 is hereby amended to read as
31 follows: 74-50,208. (a) A program contributor shall be allowed a credit
32 against state income tax imposed under the Kansas income tax act in an
33 amount not to exceed 75% of the contribution amount. If the amount of the
34 credit allowed by this section exceeds the taxpayer's income tax liability
35 imposed under the Kansas income tax act, such excess amount shall be
36 refunded to the taxpayer. No credit pursuant to this section shall be
37 allowed for any contribution made by a program contributor which also
38 qualified for a community services tax credit pursuant to the provisions of
39 K.S.A. 79-32,195 et seq., and amendments thereto.

40 (b) The administration of the community-based organization, with the
41 cooperation of the participating financial institutions, shall submit the
42 names of contributors and the total amount each contributor contributes to
43 the individual development account reserve fund for the calendar year. The

1 secretary of revenue shall determine the date by which such information
2 shall be submitted to the department of revenue by the local administrator.

3 (c) The total tax credits authorized pursuant to this section shall not
4 exceed \$500,000 in any fiscal year.

5 (d) The provisions of this section shall be applicable to all taxable
6 years commencing after December 31, 2010.

7 (e) For ~~tax-year~~ years 2013 and ~~all tax years thereafter~~ 2014, the
8 income tax credit provided by this section shall only be available to
9 taxpayers subject to the income tax on corporations imposed pursuant to
10 ~~subsection (e) of~~ K.S.A. 79-32,110(c), and amendments thereto, and shall
11 be applied only against such taxpayer's corporate income tax liability.

12 Sec. 5. K.S.A. 2014 Supp. 74-50,222 is hereby amended to read as
13 follows: 74-50,222. As used in K.S.A. 74-50,222, 74-50,223 and 79-
14 32,267, and amendments thereto:

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

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

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

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

35 (e) "*urban core opportunity zone*" means *zip codes 66101, 66102,*
36 *66104, 67210 and 66603.*

37 Sec. 6. K.S.A. 2014 Supp. 74-50,223 is hereby amended to read as
38 follows: 74-50,223. (a) Any county that has been designated a rural
39 opportunity zone pursuant to K.S.A. 74-50,222, and amendments thereto,
40 *or that has an urban core opportunity zone, or portion thereof, designated*
41 *pursuant to K.S.A. 74-50,222, and amendments thereto, within such county*
42 *may participate in the program provided in this section by authorizing such*
43 *participation by the county commission of such county through a duly*

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

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

24 (c) A resident individual shall be entitled to have such individual's
25 outstanding student loan balance paid for attendance at an institution of
26 higher education where such resident individual earned an associate,
27 bachelor or post-graduate degree under the provisions of this section when
28 such resident individual establishes domicile in a county designated as a
29 rural opportunity zone *or in an urban core opportunity zone within a*
30 *county* which participates in the program as provided in subsection (a), on
31 and after the date in which such county commenced such participation,
32 and prior to July 1, 2016. Such resident individual may enroll in this
33 program in a form and manner prescribed by the secretary. Subject to
34 subsection (d), once enrolled such resident individual shall be entitled to
35 full participation in the program for five years, except that if the resident
36 individual relocates outside the rural opportunity zone for which the
37 resident individual first qualified, such resident individual forfeits such
38 individual's eligibility to participate, and obligations under this section of
39 the state and the county terminate. No resident individual shall enroll and
40 be eligible to participate in this program after June 30, 2016.

41 (d) The provisions of this act shall be subject to appropriation acts.
42 Nothing in this act guarantees a resident individual a right to the benefits
43 provided in this section. The county may continue to participate even if the

1 state does not participate.

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

4 (f) On January 1, 2012, and annually thereafter until January 1, 2017,
5 the secretary of commerce shall report to the senate committee on
6 assessment and taxation and the house of representatives committee on
7 taxation as to how many residents applied for the rural opportunity zone
8 tax credit.

9 Sec. 7. K.S.A. 12-5241 and 12-5243 and K.S.A. 2014 Supp. 12-5242,
10 74-50,208, 74-50,222 and 74-50,223 are hereby repealed.

11 Sec. 8. This act shall take effect and be in force from and after its
12 publication in the statute book.