

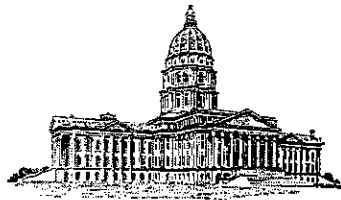
STATE OF KANSAS

JIM KELLY

REPRESENTATIVE, 11TH DISTRICT

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TOPEKA

HOUSE OF
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March 20, 2017

House Committee on Appropriations
Oral Opponent Testimony
HB 2375- Appropriations for 2018 & 2019
Department of Commerce - Rural Opportunity Zones Program

Dear Committee Members:

I appear before you this afternoon as an opponent to House Bill 2375, the reappropriation of unencumbered funds for fiscal year end 2018 and 2019 from the Department of Commerce Rural Opportunity Zone Program.

The Kansas Rural Opportunity Zone program has proven key in helping many of the 77 participating rural Kansas counties begin to reverse the loss of population they have experienced for over 4 decades. Since joining the program in July of 2014, my 11th District, in Montgomery County, is a state leader in the number of applications from new residents. This is certainly a very positive sign for improving the long-term viability of a county that experienced two major setbacks in 2014 that led to the loss of over 1,000 jobs, and another setback in 2015, which resulted in a loss of another 200 jobs when the hospital in Independence closed.

Only weeks after becoming eligible for the program, a major Montgomery County employer used the Rural Opportunity Zone incentives to attract the candidate they wanted for a key position in their local plant from a sister corporation in another state. The individual they were replacing had chosen to live in Oklahoma when she accepted the position; the new position holder is now living in Montgomery County thanks to the Rural Opportunity Zone program.

In addition, I received this information from the manager of John Deere Works in Coffeyville: "we currently have 19 employees that are eligible for the ROZ program. This is 14% of our salaried workforce. We use the ROZ program early in our recruiting phase to encourage a candidate to accept a job at JDCW and then live in Kansas."

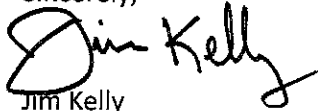
To indicate what an important tool this program has been to my district and our state in the effort to attract qualified workers to rural Kansas to fill current job openings and any future job openings created through any type of job creation program created by legislation, I cite the following numbers from Montgomery County. Applications received since designation as a Rural Opportunity Zone – 80 (KS residents 40 – 50%, Non- KS Residents 40 – 50%). Out-of-State applicants from – OK – 10, MO – 4,

TX-4 other - 3. Occupations - Accounting 2, Education 24, Engineering 7, Healthcare 16, Legal 4, Manufacturing 4, other 23. These professions are just the kind that rural Kansas needs to attract, and the fact that 40 of the Montgomery County applicants have moved in from out of state, and now reside in Montgomery County rather than in Oklahoma, which was often the case prior to our ROZ designation, demonstrates exactly the results that the ROZ program was designed to produce. The continuation of, and full funding for, ROZ is essential to help rural counties, like Montgomery, attract needed talent for our employers and provide the incentive for these professionals to reside in Kansas.

With a projected 2016 ROI of \$4.31 for every \$1.00 spent, I believe ROZ is a program that can help rural Kansas counties stem their population decline and provide a valuable recruiting tool to employers in our 77 ROZ counties.

As a Representative from a new ROZ County, I have seen this program immediately generate the results that it was intended to produce. Again, I am a proponent of HB 2298 and urge the permanent continuation of the Rural Opportunity Program. Protecting ROZ funding will give the 77 participating counties a stable tool, at a low cost to the county and the state, that they can use on a continuing basis, to encourage new individuals and families to work and live in rural Kansas.

Sincerely,

A handwritten signature in black ink that reads "Jim Kelly". The signature is written in a cursive, flowing style.

Jim Kelly
District 11