



House Taxation Committee  
Written testimony in Support of HB 2721  
From the Legislative Committee of Southeast Kansas Inc.  
February 21, 2020

Chairman Johnson and members of the Committee:

Thank you for allowing us to submit written testimony in support of HB 2721 that would extend the sunset date of Rural Opportunity Zones (ROZ) until July 1, 2023. This year the legislature and even at times the Department of Commerce have taken a quantitative approach to measure the success or failure of the ROZ program. In this approach, the “lowering of population” or “stagnation of population growth” in ROZ counties has been the proof of the program’s failure. While this would be a positive result of ROZ initiatives if increased growth were shown, the absence of that growth is not necessarily the failure of the ROZ programs.

It is our suggestion that instead of using the previously submitted criteria to measure success that the program be looked at from both a local level, not a state wide level, and with a qualitative approach. A case to support this is in Labette County with the City of Parsons. Over the last two years the city has attracted a new police chief and fire chief in part to the state income exemption provided by ROZ. Was this the single reason, no, but this was an important part of the overall hiring package.

Was this enough to tic the population tide of exiting rural regions in the positive direction, of course not, but it allowed the City to hire two of the most important leaders in a small community from out of state. It also allowed two individuals that would be making a competitive salary the ability to justify moving to Kansas, which in most cases means accepting a higher property tax level than in states competing for them. As you can see, in this case the ROZ worked exactly as it had been intended, not on a quantity level but surely on a quality level.

Because of this and other local success stories lost in a quantitative approach, we strongly encourage ROZ measurement be, for the most part, decided at the local level and based on the quality of the hied individual. We value the assistance of the State in providing tools such as the ROZ, however we feel the execution and success is seen more clearly at the local level.

In closing, we respectfully request the passage of HB 2721 and the extended sunset date of Rural Opportunity Zones until July 1, 2023. We also pledge to work along side the Department of Commerce to cooperatively create tools in addition to the ROZs that will allow rural Kansas to remain competitive in the search for our most valuable resource, the human resource.

Submitted respectfully,  
Southeast Kansas Inc. Legislative Committee