

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, amount
3 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, Cheyenne,
13 Clark, Decatur, Edwards, Gove, Graham, Greeley, Greenwood, Harper,
14 Jewell, Kingman, Kiowa, Lane, Lincoln, Logan, Marion, Morton, Ness,
15 Norton, Osborne, Pawnee, Phillips, Rawlins, Republic, Rooks, Rush,
16 Russell, Scott, Sheridan, Sherman, Smith, Stanton, Trego, Thomas,
17 Wallace, Washington, Wichita or Woodson counties;

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

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

23 Sec. 2. (a) For taxable years commencing after December 31,
24 2011, and before January 1, 2017, there shall be allowed as a credit
25 against the tax liability of a resident individual taxpayer an amount equal
26 to the resident individual's income tax liability under the provisions of the
27 Kansas income tax act, when the resident individual:

28 (1) Was domiciled outside this state for five or more years
29 immediately prior to establishing their domicile in a rural opportunity
30 zone in this state;

31 (2) had no Kansas source income for five or more years immediately
32 prior to establishing their domicile in a rural opportunity zone in this
33 state; and

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

36 (b) A resident individual may claim the credit authorized by this

1 section for not more than five consecutive years following establishment
2 of their domicile in a rural opportunity zone.

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

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

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

11 (2) the resident individual is delinquent in filing any return with, or
12 paying any tax due to, the state of Kansas or any political subdivision
13 thereof; or

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

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

18 Sec. 3. (a) Any county that has been designated a rural opportunity
19 zone pursuant to section 1, and amendments thereto, may participate in
20 the program provided in this section by authorizing such participation by
21 the county commission of such county through a duly enacted written
22 resolution. Such county shall provide a certified copy of such resolution
23 to the secretary of commerce on or before January 1, 2012, for calendar
24 year 2012, or on or before January 1 for each calendar year thereafter, in
25 which a county chooses to participate. Such resolution shall obligate the
26 county to participate in the program provided by this section for a period
27 of five years, and shall be irrevocable. Such resolution shall specify the
28 maximum amount of outstanding student loan balance for each resident
29 individual to be repaid as provided in subsection (b), except the
30 maximum amount of such balance shall be \$15,000.

31 (b) If a county submits a resolution as provided in subsection (a),
32 under the program provided in this section, subject to subsection (d), the
33 state of Kansas and such county which chooses to participate as provided
34 in subsection (a), shall agree to pay in equal shares the outstanding
35 student loan balance of any resident individual who qualifies to have such
36 individual's student loans repaid under the provisions of subsection (c)
37 over a five-year period, except that the maximum amount of such balance
38 shall be \$15,000. The amount of such repayment shall be equal to 20% of
39 the outstanding student loan balance of the individual in a year over the
40 five-year repayment period. The state of Kansas is not obligated to pay
41 the student loan balance of any resident individual who qualifies pursuant
42 to subsection (c) prior to the county submitting a resolution to the
43 secretary pursuant to subsection (a). Each such county shall certify to the

1 secretary that such county has made the payment required by this
2 subsection.

3 (c) A resident individual shall be entitled to have such individual's
4 outstanding student loan balance paid for attendance at an institution of
5 higher education where such resident individual earned an associate,
6 bachelor or post-graduate degree under the provisions of this section
7 when: (1) The resident individual was domiciled outside this state for
8 three or more years and had no Kansas source income for two or more
9 years immediately prior to establishing such individual's domicile in a
10 rural opportunity zone in this state; or (2) the resident individual was a
11 resident of Kansas prior to attending an out-of-state institution of higher
12 education. Such resident individual may enroll in this program in a form
13 and manner prescribed by the secretary. Subject to subsection (d), once
14 enrolled such resident individual shall be entitled to full participation in
15 the program for five years, except that if the resident individual relocates
16 outside the rural opportunity zone for which the resident individual first
17 qualified, such resident individual forfeits such individual's eligibility to
18 participate, and obligations under this section of the state and the county
19 terminate. No resident individual shall enroll and be eligible to participate
20 in this program after June 30, 2016.

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

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

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

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