

Program Safeguards in the Ad Astra Rural Jobs Act

The Ad Astra Rural Jobs Act contains program safeguards aimed at ensuring taxpayers receive a positive return on their investment and that non-compliance with program requirements results in harsh penalties.

- Fund managers must meet high standards:
 - o Licensed by either the U.S. Small Business Administration or the U.S. Department of Agriculture
 - o Proven track record of similar investment experience
 - o Projection of job creation and retention with financial penalties for failure to meet those projections
 - o Business plan formally reviewed by third-party economist, business plan review must demonstrate that projected investments will provide the state with a net positive return on public resources invested

- Up-front investment to generate positive economic activity:
 - o \$166 million in private capital investment must be deployed into small businesses in rural areas before the first tax credit is taken; total amount of credits is claimed by investors over a five-year period

- Tight definitions of small businesses that qualify for investment direct private capital investment toward underserved rural enterprises:
 - o Qualified small business must be located in a rural area of Kansas, have fewer than 500 employees and less than \$15 million in gross income, and be engaged in specified sectors

- Clawback of tax credits for non-compliance:
 - o Failure to meet investment timeline and keep capital fully deployed in qualified small businesses will result in a re-capture of tax credits

- Sunset and program cap:
 - o Amount of tax credits allocated to the program cannot exceed statutory cap
 - o Program cannot renew without affirmative action from the Kansas Legislature
 - Ensures legislators can evaluate program before deciding to renew

- Penalties for failure to meet job numbers:
 - o A fund that fails to meet the jobs numbers projected in its application must share profits with the state before it can exit the program