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**Kansas Department of Commerce
Neutral Testimony on HB 2721
David Soffer, Legislative & Policy Director
Prepared for House Taxation
February 24, 2020, 3:30 p.m.**

Thank you for allowing us to testify on HB 2721. This bill extends the sunset for the Rural Opportunity Zones program until the year 2023.

Earlier this session, the Department provided you with an analysis of the ROZ student loan program. In our report, we found mixed results with respect to the program. We found over 30 counties do not commit any resources to the program and for those that do, over 80 percent of student loan recipients in 2019 would have moved to the county regardless. It's important to note we were not able to conduct surveys for those individuals in the tax credit program.

As Secretary Toland testified at the time, we have an inefficient incentive. However, that does not mean we have a program that failed. ROZ is not scheduled to sunset until **June 30th of 2021**. That gives us a little bit of time to address what makes the most sense moving forward. Governor Kelly and Secretary Toland have committed to supporting counties that want to retain the ROZ program. However, we should look at adjustments that can make the program more efficient and effective for those that utilize it or want to utilize it but are struggling to do so. We must also provide other options for counties who do not see ROZ as a workable solution.

We are currently working with a group of legislators, economic development professionals and county commissioners that are in ROZ counties. This includes individuals from counties that want ROZ and individuals from those that have struggled to utilize ROZ and want more options. We intend to continue our work with all the stakeholders over the next few months. We will have a plan rolled out before the start of the next session. We are asking to allow the Secretary and the rest of the group of individuals working on the issue, some time to get this right.

Thank you for the opportunity to testify as a neutral on HB 2721 and I would be happy to stand for questions at the appropriate time.