

David C. Toland, Secretary

Laura Kelly, Governor

**Senate Assessment and Taxation
Oral Proponent Testimony in Support of SB 69
Rachel Willis, Director of Legislative Affairs, Kansas Department of Commerce
February 6, 2025, 9:30 A.M.
Room 548 S**

Thank you for allowing us to testify in support of SB 69. This bill extends by five years the sunset of the Rural Opportunity Zone (ROZ) program. ROZ was introduced in 2012 and is one of Commerce’s workforce recruitment tools. The program is administered by the Office of Rural Prosperity. Overall, the goal of the program is to attract residents to rural areas where the population losses have been the steepest. The program has recently had increases in participation and continues to prove to be a valuable tool for recruitment.

The State of Kansas has designated 95 counties as “Rural Opportunity Zones”, which means moving there comes with significant added benefits. The designated counties offer individual financial incentives to new full-time residents: student loan repayment assistance and/or 100% state income tax credit. These incentives are funded through a single appropriation of \$5 million annually.

Student Loan Repayment Assistance

The program offers \$3,000 per year for five years to apply toward student loans of eligible individuals. Currently, 95 of the 95 eligible counties offer student loan repayment assistance, 44 counties offer county sponsorship of the program, 6 foundations, and 8 cities offer sponsorship.

Student Loan Applicants			
	2022	2023	2024
Total Applications	4,145	4,268	4,386
Total Student Loan Participants	1,962	2,140	2,238
Currently Active	334	274	248
Received Full Benefits	521	601	677
Withdrew – Never funded*	n/a	566	577
Withdrew Due to Paid Loans off Early	89	106	111
Disqualified	463	487	500
Waiting for Sponsor	93	105	124

**Eligible applicants withdrawn from the ROZ program due to lack of available funding in the county or applicant moved from the eligible county.*

State Income Tax Credit

The program provides a credit for 100% of the participant's state income tax liability for up to five years. It is limited to the amount of the taxpayer's Kansas tax liability. All 95 counties offer the income tax credit component. To be eligible for the state income tax credit, individuals must:

- Establish domicile in a rural opportunity zone on or after July 1, 2011 and prior to Jan. 1, 2026.
- Must have been domiciled outside Kansas for five or more years immediately prior to establishing their domicile in a Kansas rural opportunity zone.
- Must have had no more than \$10,000 in Kansas source income in any one year for five or more years immediately prior to establishing their domicile in a Kansas rural opportunity zone;
- Must have been domiciled in a Kansas rural opportunity zone during the entire taxable year for which the credit will be claimed;
- The tax return on which the credit is claimed must be timely filed (including an extension of time); and
- The taxpayer may not be delinquent in filing any tax return with or paying any tax due to the State of Kansas or any political subdivision.

Tax Credit Applicants		
Tax Year	Filers	Credit Allowed
2012	104	\$263,660
2013	259	\$573,331
2014	342	\$968,896
2015	420	\$1,289,433
2016	492	\$1,344,639
2017	524	\$1,731,122
2018	503	\$1,929,079
2019	497	\$1,960,796
2020	481	\$1,810,423
2021	445	\$1,648,850
2022	468	\$1,696,675
2024	597	\$2,354,161

The ROZ program has been a successful incentive tool for recruitment of Kansas residents by supporting people who chose to live in a rural community. Many other states offer similar incentives, and currently, Michigan is creating a ROZ program with an additional tier of benefits for critically needed jobs. The continuation of the ROZ program in Kansas is necessary and aligns with trends across the country. I urge the committee to favorably pass SB 69.