

As Amended by House Committee

Session of 2011

HOUSE BILL No. 2331

By Committee on Taxation

2-11

1 AN ACT concerning economic development; creating rural opportunity
2 zones; relating to income taxation, credit for certain taxpayers,
3 amount 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,
13 Cheyenne, Clark, Decatur, Edwards, Gove, Graham, Greeley,
14 Greenwood, Harper, Jewell, Kingman, Kiowa, Lane, Lincoln, Logan,
15 Marion, Morton, Ness, Norton, Osborne, Pawnee, Phillips, Rawlins,
16 Republic, Rooks, Rush, Russell, Scott, Sheridan, Sherman, Smith,
17 Stanton, Trego, Thomas, Wallace, Washington, Wichita or Woodson
18 counties;

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

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

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

30 (1) **Establishes domicile in a rural opportunity zone on or after**
31 **July 1, 2011, and prior to January 1, 2016, and** was domiciled
32 outside this state for five or more years immediately prior to
33 establishing their domicile in a rural opportunity zone in this state;

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

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

6 (b) A resident individual may claim the credit authorized by this
7 section for not more than five consecutive years following
8 establishment of their domicile in a rural opportunity zone.

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

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

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

17 (2) the resident individual is delinquent in filing any return with,
18 or paying any tax due to, the state of Kansas or any political
19 subdivision thereof; **or**

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

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

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

38 (b) If a county submits a resolution as provided in subsection (a),
39 under the program provided in this section, subject to subsection (d),

1 the state of Kansas and such county which chooses to participate as
2 provided in subsection (a), shall agree to pay in equal shares the
3 outstanding student loan balance of any resident individual who
4 qualifies to have such individual's student loans repaid under the
5 provisions of subsection (c) over a five-year period, except that the
6 maximum amount of such balance shall be \$15,000. The amount of
7 such repayment shall be equal to 20% of the outstanding student loan
8 balance of the individual in a year over the five-year repayment period.
9 The state of Kansas is not obligated to pay the student loan balance of
10 any resident individual who qualifies pursuant to subsection (c) prior to
11 the county submitting a resolution to the secretary pursuant to
12 subsection (a). Each such county shall certify to the secretary that such
13 county has made the payment required by this subsection.

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

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

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

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

HB 2331—Am. by HC

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