

March 10, 2021

The Honorable Caryn Tyson, Chairperson  
Senate Committee on Assessment and Taxation  
Statehouse, Room 123-E  
Topeka, Kansas 66612

Dear Senator Tyson:

**SUBJECT:** Fiscal Note for SB 216 by Senate Committee on Assessment and Taxation

In accordance with KSA 75-3715a, the following fiscal note concerning SB 216 is respectfully submitted to your committee.

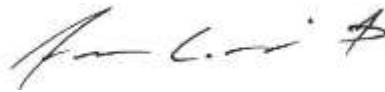
Under current law, the Rural Opportunity Zones Program offers individuals who relocate to a county that has been designated as a Rural Opportunity Zone the opportunity to participate in a Student Loan Forgiveness Program through FY 2021 and receive a 100.0 percent state income tax credit through tax year 2021. SB 216 would extend the sunset for the Student Loan Forgiveness Program to FY 2026 and extend the sunset on the income tax credit to tax year 2026. The bill would also extend annual reporting requirements to the Senate Committee on Assessment and Taxation and the House Committee on Taxation that includes how many residents applied for this tax credit.

The Department of Revenue estimates that enactment of SB 216 would decrease State General Fund revenues by \$2,870,802 in FY 2023, \$3,157,882 in FY 2024, \$3,473,670 in FY 2025, and \$3,821,037 in FY 2026 because of the extension of the state income tax credit into tax year 2022 through tax year 2026. The Department of Revenue indicates that it would require a total of \$5,315 from the State General Fund in FY 2022 to implement the bill and to modify the automated tax system. The required programming for this bill by itself would be performed by existing staff of the Department of Revenue. In addition, if the combined effect of implementing this bill and other enacted legislation exceeds the Department's programming resources, or if the time for implementing the changes is too short, additional expenditures for outside contract programmer services beyond the Department's current budget may be required.

The Department of Commerce indicates that it is currently responsible for administering the student loan forgiveness component of the Rural Opportunity Zones Program. For FY 2021,

the Department's budget includes \$950,000 from the Economic Development Initiatives Fund to fund the obligations of the student loan forgiveness component of the Rural Opportunity Zones Program. Under current law, the student loan forgiveness obligations would continue through FY 2026. The Department indicates that eliminating the sunset for the student loan forgiveness component of SB 216 would provide an additional five fiscal years of student loan repayment and administration in FY 2027 through FY 2031. Any fiscal effect associated with SB 216 is not reflected in *The FY 2022 Governor's Budget Report*.

Sincerely,

A handwritten signature in black ink, appearing to read "Adam Proffitt", with a stylized flourish at the end.

Adam Proffitt  
Director of the Budget

cc: Sherry Rentfro, Department of Commerce  
Jay Hall, Association of Counties  
Lynn Robinson, Department of Revenue