

*As Amended by Senate Committee*

*Session of 2011*

**SENATE BILL No. 198**

By Committee on Assessment and 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, **Cloud, Comanche**, Decatur, Edwards, **Elk**, Gove,  
14 Graham, Greeley, Greenwood, Harper, Jewell, Kingman, Kiowa, Lane,  
15 Lincoln, Logan, Marion, **Mitchell**, Morton, Ness, Norton, Osborne,  
16 Pawnee, Phillips, Rawlins, Republic, Rooks, Rush, Russell, Scott,  
17 Sheridan, Sherman, Smith, **Stafford**, Stanton, Trego, Thomas, Wallace,  
18 Washington, Wichita, **Wilson** or Woodson 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 outside  
32 this state for five or more years immediately prior to establishing their  
33 domicile in a rural opportunity zone in this state;

1 (2) had ~~no~~ Kansas source income *less than \$10,000 in any one*  
2 *year* for five or more years immediately prior to establishing their  
3 domicile in a rural opportunity 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 *less than*  
20 *\$10,000 in any one year* for two or more years immediately prior to  
21 establishing such individual's domicile in a rural opportunity zone in  
22 this state; or (2) the resident individual was a resident of Kansas prior  
23 to attending an out-of-state institution of higher education. Such  
24 resident individual may enroll in this program in a form and manner  
25 prescribed by the secretary. Subject to subsection (d), once enrolled  
26 such resident individual shall be entitled to full participation in the  
27 program for five years, except that if the resident individual relocates  
28 outside the rural opportunity zone for which the resident individual first  
29 qualified, such resident individual forfeits such individual's eligibility  
30 to participate, and obligations under this section of the state and the  
31 county terminate. No resident individual shall enroll and be eligible to  
32 participate in this program after June 30, 2016.

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

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

39 Sec. 4. This act shall take effect and be in force from and after its

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1 publication in the statute book.  
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