SENATE BILL No. 198

By Committee on Assessment and Taxation

AN ACT concerning economic development; creating rural opportunity zones; relating to income taxation, credit for certain taxpayers, amount and requirements; student loan repayment program.

Be it enacted by the Legislature of the State of Kansas:

Section 1. As used in sections 1 through 3, and amendments thereto:

(a) "Institution of higher education" means a public or private nonprofit educational institution that meets the requirements of participation in programs under the higher education act of 1965, as amended, 34 C.F.R. 600;


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

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

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

(1) Establishes domicile in a rural opportunity zone on or after July 1, 2011, and prior to January 1, 2016, and was domiciled outside this state for five or more years immediately prior to establishing their domicile in a rural opportunity zone in this state;
(2) had no Kansas source income less than $10,000 in any one year for five or more years immediately prior to establishing their domicile in a rural opportunity zone in this state; and

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

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

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

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

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

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

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

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

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

(b) If a county submits a resolution as provided in subsection (a), under the program provided in this section, subject to subsection (d),
the state of Kansas and such county which chooses to participate as
provided in subsection (a), shall agree to pay in equal shares the
outstanding student loan balance of any resident individual who
qualifies to have such individual's student loans repaid under the
provisions of subsection (c) over a five-year period, except that the
maximum amount of such balance shall be $15,000. The amount of
such repayment shall be equal to 20% of the outstanding student loan
balance of the individual in a year over the five-year repayment period.
The state of Kansas is not obligated to pay the student loan balance of
any resident individual who qualifies pursuant to subsection (c) prior to
the county submitting a resolution to the secretary pursuant to
subsection (a). Each such county shall certify to the secretary that such
county has made the payment required by this subsection.

(c) A resident individual shall be entitled to have such individual's
outstanding student loan balance paid for attendance at an institution of
higher education where such resident individual earned an associate,
bachelor or post-graduate degree under the provisions of this section
when: (1) The resident individual was domiciled outside this state for
three or more years and had no Kansas source income less than
$10,000 in any one year for two or more years immediately prior to
establishing such individual's domicile in a rural opportunity zone in
this state; or (2) the resident individual was a resident of Kansas prior
to attending an out-of-state institution of higher education. Such
resident individual may enroll in this program in a form and manner
prescribed by the secretary. Subject to subsection (d), once enrolled
such resident individual shall be entitled to full participation in the
program for five years, except that if the resident individual relocates
outside the rural opportunity zone for which the resident individual first
qualified, such resident individual forfeits such individual's eligibility
to participate, and obligations under this section of the state and the
county terminate. No resident individual shall enroll and be eligible to
participate in this program after June 30, 2016.

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

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

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