

SESSION OF 2014

SUPPLEMENTAL NOTE ON HOUSE BILL NO. 2417

As Amended by House Committee on
Agriculture and Natural Resources Budget

Brief*

HB 2417, as amended, would add four additional counties to the definition of “rural opportunity zone” as defined by KSA 2013 Supp 24-50,222 and bring the total number of designated counties to 77. The additional counties would be Cherokee, Labette, Montgomery, and Sumner.

Background

The Rural Opportunity Zones Program is an economic development program designed to attract financial investment, business development, and job growth in rural areas of the state. The program offers an individual who relocates from outside the state to a county that has been designated a rural opportunity zone the ability to participate in a student loan forgiveness program and receive a 100.0 percent state income tax credit through tax year 2016.

Representatives Proehl, Kelly, and Peck all testified in support of the bill, citing the economic development impact this would have on the counties that would be added to the definition of rural opportunity zone, and Representative Houser submitted written testimony in support of the bill. Representative Kelly also submitted letters received by the Department of Commerce from the three counties, several cities, and some large industries and medical facilities in his area noting the positive impact this program would have on the newly designated counties. Representatives from the

*Supplemental notes are prepared by the Legislative Research Department and do not express legislative intent. The supplemental note and fiscal note for this bill may be accessed on the Internet at <http://www.kslegislature.org>

Department of Commerce and CRV Energy also spoke in support of the bill. In addition, a representative of the Sumner County Economic Development Commission submitted testimony asking the Committee to consider adding Sumner County to the definition.

Written testimony in support of HB 2417 was provided by the Kansas Hospital Association, Kansas Agribusiness Retailers Association, Kansas Grain and Feed Association, and the Kansas Cooperative Council.

There was no neutral or opponent testimony.

The House Budget Committee amended the bill to include Sumner County in the definition of rural opportunity zone.

According to the fiscal note prepared by the Department of Commerce on the original bill, the agency would need \$75,000 from the State General Fund for the state obligations of this program for the first year assuming 50 taxpayers would qualify in the three counties. The Department indicates the addition of Sumner County would add an additional \$25,000. The Department estimates that administrative costs associated with the new county is negligible and could be absorbed within the agency.

The Department of Revenue estimates HB 2417 would decrease State General Fund revenues by \$700,000 in FY 2015 and \$2.1 million in FY 2016 with the addition of the three counties, Cherokee, Labette, and Montgomery. The addition of Sumner County is estimated to decrease revenue by \$100,000 in FY 2015 and \$1.3 million in FY 2016. As amended, total lost revenue in FY 2015 would be \$800,000 and, in FY 2016, \$2.5 million.