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KANSAS

DEPARTMENT OF COMMERCE

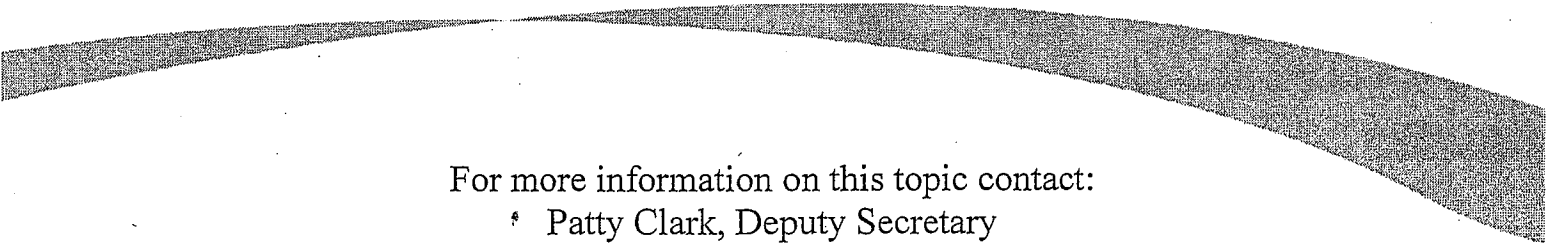
Steve Kelly, Acting Secretary



Enterprise Zone and Opportunity Zone

Commerce

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Co-Chairs Brownlee and Jordan, I am Patty Clark and I serve as Deputy Secretary for the Department of Commerce. Thank you for providing time for us to outline a comparison between the provisions of the existing Enterprise Zone program and the proposed Opportunity Zone program.

In short, both the existing Enterprise Zone and the proposed Opportunity Zone are business recruitment and retention tools specifically designed for non-metropolitan areas. The greatest difference between the programs is the amount of the tax credits. You will note from the side-by-side comparison that the Opportunity Zone program provides a greater tax credit for job creation and a greater immediate tax credit for capital investment. The Opportunity Zone proposal is more reflective of the types of businesses and jobs that are created in rural areas and provides for more flexibility in implementation.

The Opportunity Zone proposal also weights the job creation tax credit more heavily when compared to the job creation tax credits for metro and micropolitan areas. This is intended to have a leveling, though certainly not an equalizing, affect on the ability to recruit and retain businesses between the rural and urban areas. It also should give rural Kansas a competitive advantage over rural areas in neighboring and border states.

This is a very brief outline of the similarities and differences between the two programs, but we would be happy to answer any questions the Committee may have at this time.