

SESSION OF 2019

SUPPLEMENTAL NOTE ON HOUSE BILL NO. 2112

As Recommended by House Committee on
Rural Revitalization

Brief*

HB 2112 would add Crawford and Dickinson counties to the list of counties eligible to participate in the Rural Opportunity Zones (ROZ) program. Currently, there are 77 counties that may participate in the ROZ program.

Background

The bill was introduced by Representative Collins.

At the House Committee on Rural Revitalization hearing, Senator Hilderbrand testified in favor of the bill, stating Crawford County is the only county in Southeast Kansas that is not on the list of eligible counties to participate in the ROZ program.

Written-only proponent testimony was provided by a Crawford County Commissioner, the President of the Pittsburg Area Chamber of Commerce, the Chief Strategy Officer of Pittsburg State University, and representatives of Arma Economic Development and the Kansas Hospital Association. No opponent or neutral testimony was provided.

According to the fiscal note prepared by the Division of the Budget on the bill, the Department of Revenue estimates enactment of the bill would decrease State General Fund revenues by \$200,000 in FY 2020, FY 2021, and FY 2022, because of the state income tax credit utilized by the ROZ

*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>

program. The Department of Revenue also indicates it would require \$8,500 from the State General Fund in FY 2020 to implement the bill and to modify the automated tax system. In addition, the combined effect of implementing this bill and other enacted legislation exceeds the agency's programming resources, or if the time for implementing the changes is too short, additional expenditures for outside contract programmer services beyond the agency's current budget may be required.

The Department of Commerce indicates there is no existing information to accurately estimate the number of individuals who would qualify for the ROZ program. Assuming 14 individuals would qualify, the agency would require approximately \$21,000 from the State General Fund in FY 2020 for state obligations of this program. The agency indicates that amount may be significantly higher or lower depending on the level of participation of the two additional counties. The agency estimates additional expenditures of \$64,800 from the State General Fund in FY 2020 for an additional 1.0 FTE position to review applications for the ROZ program.

Any fiscal effect associated with enactment of the bill is not reflected in *The FY 2020 Governor's Budget Report*.