



RURAL OPPORTUNITY ZONE PROGRAM

State of Kansas Fiscal Year 2019 Guidelines

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INTRODUCTION

The Rural Opportunity Zone Program facilitates the population growth of rural Kansas communities in 77 designated counties through the use of tax relief and student loan reimbursement. Under this program, qualified individuals could be eligible to receive Kansas state income tax abatements and student loan reimbursements provided by both the State and an approved sponsor (County or Employer)

The Kansas Department of Commerce is responsible for administering the student loan repayment portion of the Rural Opportunity Zones (ROZ) program. The Program Manager establishes criteria, subject to the provisions of the statute, to determine eligibility of resident individuals.

HOW DOES IT WORK?

The Kansas Legislature has designated 77 counties as Rural Opportunity Zones, individuals who move into a ROZ county may be eligible for tax credit waivers and/or student loan repayment assistance. The tax and student loan benefits are mutually exclusive; eligibility for one does not guarantee eligibility for the other.

Income Tax Abatements: Qualified individuals will receive a credit for the entirety of their Kansas State income tax liability for any year in which they qualify (see below) beginning in taxable year 2012 and ending in taxable year 2021.

Student Loan Repayment Assistance: Qualified individuals will receive student loan payments in equal shares over a maximum term of 5 years. The annual payments will be equal to 20% of the individual's outstanding student loan balance up to a maximum of \$15,000.

WHO QUALIFIES FOR INCOME TAX ABATEMENTS?

In order to qualify for Kansas state income tax waiver a resident individual must satisfy the following conditions:

1. Establish domicile in a Rural Opportunity Zone county on or after the date on which the county became part of the program *and* prior to January 1, 2021 after having lived outside the State of Kansas for 5 or more years immediately prior to establishing residency in the Rural Opportunity Zone County.
2. Earned less than \$10,000 in Kansas source income in each of the 5 years immediately prior to establishing residency in a Rural Opportunity Zone County.
3. Maintain residence in the Rural Opportunity Zone County for the entire taxable year for which the tax credit is claimed. January 1st through December 31st.

WHO QUALIFIES FOR STUDENT LOAN REIMBURSEMENTS?

In order to qualify for student loan reimbursements a resident individual must satisfy the following conditions:

1. Establish **domicile*** in a ROZ County after July 1, 2011 **and** on or after the date on which the County opts-in to the student loan program
2. Hold an associate's, bachelor's or post-graduate degree **prior** to moving to the ROZ County
3. Have an outstanding student loan balance in applicant's name
4. Ability to provide proof of residency at current and previous addresses, Proof of Degree, and Proof of student loan balance with distribution dates
5. Have a Sponsor, Counties and Employers can sponsor applicants in this program. the Applicant must have a sponsor to receive funding

STUDENT LOAN ASSISTANCE PAYMENT PROCEDURE

The student loan payments will be paid on an annual basis. Rural Opportunity Zone Counties will provide 50% of the student loan payment with the State of Kansas providing the remaining 50% match. All student loan payments will be made directly to approved ROZ participants as provided in the qualified individual's eligibility application.

(See Attachment A for payment procedure flow chart).

The individual will continue to make regular payments as required by their agreement with their respective lending institution. The participant will provide the Kansas Department of Commerce a copy of the participant's student loan payment history within 90 days of the issuance of the student loan repayment assistance check. In the event that a participant has paid off their student loans prior to the end of their 5-year program participation the participant will send proof that their loan has been satisfied and the payments will be issued directly to the participant.

Sponsor payments should be received by the Kansas Department of Commerce no later than September 30th each year to insure timely participant payments are issued.

HOW TO APPLY FOR ROZ BENEFITS

Applications for ROZ benefits are accepted through the Kansas Department of Commerce [Rural Opportunity Zone website](#). Complete the ROZ application form in its entirety and submit any requested supplementary documents. ROZ applications are accepted from January 1st to September 30th each year.

(See Attachment B for application process flow chart).

The required supplementary documents that will be used to verify the application information provided will be:

- Lease or ownership documents for current and previous home/living quarters
- Personal Identification, State issued ID or US issued Passport
- College Transcript
- College Degree
- Student loan balance and distribution dates
- Current Kansas Tax Clearance (<https://www.kdor.ks.gov/apps/taxclearance/default.aspx>)
- Completed Federal W9 form
- Completed Participant Agreement form.

WORK FLOW FOR STUDENT LOAN REPAYMENT

Applications are received from January 1st until September 30th each year.

Within 30 days of receipt a completed application the application is reviewed and uploaded to the ROZ Database and supplemental documents are requested.

The applicant has 30 days after the request for documents has been requested to provide those documents to KDC. If the documents are not received the applicant is marked as incomplete in the database and denied for noncompliance of the application process.

Support Staff will send the noncompliance denial letter.

Once the documents are received the Support Staff will file the documents electronically labeling the documents individually in the Applicants electronic folder and inform the Program Manager the Applicant is ready for review.

The Program Manager will review the documents to determine eligibility.

If the applicant is not eligible the Support Staff will send a denial letter on behalf of the Program Manager.

If the applicant is eligible the Program Manager will then review the Sponsor funding source to insure funding is available.

If funding is not available the Support Staff will send the applicant copying the Sponsor a letter informing them that they have been put on the waitlist for the Sponsor and will be provided the contact information for the Sponsor.

If funding is available the applicant will be sent a letter copying the Sponsor of their Approval for the program and the time frame they can expect to receive their payments.

In August Support Staff will send each of the ROZ counties an updated list of Approved and Waitlisted participants as well as the current Sponsor funding for each participant.

The County will then review the list and complete a resolution each year to confirm the County Sponsorship dollars.

The County will be invoiced by KDC for the sponsorship dollars due for the County and their partnering Employer Sponsors with payment due by Sept 30th for the Oct- Dec participant payments.

Employers Sponsors not partnering with the County will be sent an invoice for the Sponsorship dollars due with payment due by Sept 30th for the Oct- Dec participant payments.

Payments are processed from October to December each year at KDC.

Once payment from the County and the new Resolution has been received the Support Staff will send the Approved list and Waitlist for the County including county budget for that year to the Program Manager for review.

The Program Manager will review the list for each county and verify that the participants still qualify for the program and will approve any waitlisted participants if funding is available.

Once participants are Approved for the fiscal year payment Support Staff will send the approved participants list to fiscal to issue their checks.

Support staff will record the date the check was issued to the participant in the program database. After 30 days has passed from the date of the check issuance the Support Staff will send a 60-day reminder letter to the Participant copying the County, that their ROZ Proof of Payment is coming due.

After 60 days have passed from the date of check issuance the Support Staff will send a 30-day reminder letter to the Participant copying the County, that their ROZ Proof of Payment is coming due.

After 83 days a final reminder letter will be sent by Support Staff indicating that the Participant has 7 days to remit their ROZ Proof of Payment or they will be removed from the program for noncompliance to the Rural Opportunity Zone Participant Agreement copying the County. If after 90 days the ROZ Proof of Payment has not been submitted the Support Staff will send the Noncompliant list to the Program Manager.

The Program Manager will contact the Participant by phone to attempt to resolve the issue one more time. After 7 days of no response the Program Manager will remove the Participant from the program and have Support Staff sent a failure to comply letter informing the Participant of their removal from the program copying the County and/or Employer Sponsor.

Once the Proof of Payment has been received the Support Staff will file the Proof of Payment in the Participants digital file labeling the document, "Fiscal Year(FY2019). Last Name.POP"

Once a participant has reached their 5th repayment year Support Staff upon issuing the final check will send a Congratulations letter on behalf of the agency informing the Participant that they have completed the ROZ program thanking them for being part of our program and supporting the growth of rural Kansas.

STATUE DEFINITIONS FOR DATABASE

Completed – This means the Participant completed all 5 years of the program

Withdrawn – This means the applicant voluntarily withdrew their application from the county before collecting any benefit

Denied – Applicant did not meet the criteria for the program in the county they applied for

Pending – Application and supplemental documents have been received and are ready for the PM's review

Disqualified – The Participant had received at least one payment but did not continue to meet the criteria of the program (Moved from the county, did not send in W-9 or POP, could not be contacted to verify they were still in the county)

Incomplete – Application has been received but supplemental documents have not been sent in

No Response – After 2 attempts in 60 days to receive the supplemental documents the application did not comply and the application is under review for Denial due to noncompliance

Approved ES – Applicant is approved for participation in the program with an Employer Sponsor

Approved CS – Applicant is approved for participation in the program with a County Sponsor

Approved Waitlist – PM has reviewed Application and Supplemental documents and found the applicant meets the program criteria and can be moved from the waitlist as funding become available.

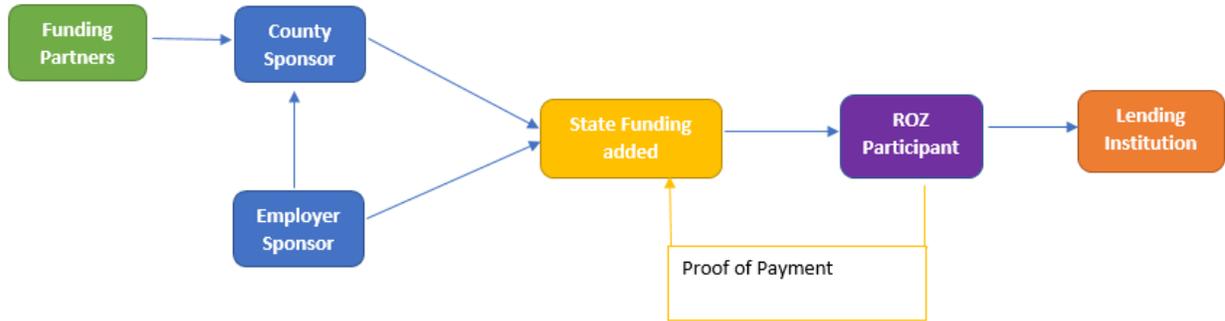
TECHNICAL ASSISTANCE

Normal office hours are 8 a.m. to 5 p.m. Questions will be handled by telephone as scheduling allows. Questions may also be submitted by e-mail to kdc_roz@ks.gov. Every effort will be made to return calls and respond to e-mails in a timely manner.

For questions regarding completion of the **Kansas Rural Opportunity Zone Application form**, call the Business and Community Development Division at the Kansas Department of Commerce at (785) 296-3345. The mailing address is 1000 S.W. Jackson St., Suite 100, Topeka, KS 66612-1354.

For questions **regarding tax issues or the completion of the appropriate tax forms**, contact the Kansas Department of Revenue, Taxpayer Assistance Bureau at (785) 296-3070. Its mailing address is Kansas Department of Revenue, Taxpayer Assistance Bureau, P.O. Box 12001, Topeka, KS 66612-2001.

Attachment A: Annual Student Loan Payment Flow Chart



Attachment B: ROZ Application Flow Chart

