

## **Rural Opportunity Zones (ROZs) Frequently Asked Questions** *Updated July 19, 2011*

### **General Questions**

#### ***1. Q: What are Rural Opportunity Zones?***

A: The law designates 50 counties in Kansas as Rural Opportunity Zones (ROZs), providing a state income tax exemption for up to five years to individuals who relocate to those counties from out of state. Individuals must have lived outside the state for at least five years and have Kansas source income less than \$10,000 per year over the past five years. The law authorizes ROZs counties to participate in a state-matching program to repay 20 percent of outstanding student loans up to \$3,000 per year (\$15,000 maximum benefit) for students who graduate from an accredited post-secondary institution and move to a ROZs county.

#### ***2. Q: What are the 50 counties designated as ROZs counties?***

Barber, Chautauqua, Cheyenne, Clark, Cloud, Comanche, Decatur, Edwards, Elk, Gove, Graham, Greeley, Greenwood, Hamilton, Harper, Hodgeman, Jewell, Kearny, Kingman, Kiowa, Lane, Lincoln, Logan, Marion, Mitchell, Morton, Ness, Norton, Osborne, Pawnee, Phillips, Pratt, Rawlins, Republic, Rooks, Rush, Russell, Scott, Sheridan, Sherman, Smith, Stafford, Stanton, Trego, Thomas, Wallace, Washington, Wichita, Wilson and Woodson.

#### ***3. Q: When does the new law go into effect?***

A: July 1, 2011.

#### ***4. Q: When does the program actually start?***

A: The state income tax exemption starts Jan. 1, 2012. The student loan repayment portion of the program is a county-state partnership and only begins after a ROZs county opts in. Counties have until Jan. 1, 2012, to opt in.

#### ***5. Q: Which counties have opted in?***

A: Twenty-four, so far. They are Barber, Clark, Graham, Greeley, Hamilton, Harper, Hodgeman, Kearny, Kingman, Lane, Mitchell, Morton, Ness, Pratt, Rooks, Russell, Scott, Sherman, Stanton, Thomas, Trego, Wallace, Wichita and Woodson. We will update this list as other counties decide to participate.

#### ***6. Q: Is there a penalty for leaving a ROZs county before the program ends?***

A: No, but individuals can no longer receive future benefits under the program if they leave a ROZs county.

**7. Q: Which state agencies will oversee the program?**

A: The Department of Commerce will oversee the student loan repayment portion of the program. The Department of Revenue will oversee the state income tax exemption.

**8. How will this program be marketed, and who will promote it to county officials?**

A: The Department of Commerce will coordinate marketing the ROZs program, along with regional and local economic development organizations.

**9. Q: Will there be a formal application and/or review process to become a participant in the program?**

A: As of July 1, the application form to apply for the student loan repayment program is available online at [KansasCommerce.com/RuralOpportunityZones](http://KansasCommerce.com/RuralOpportunityZones). There is not a formal application process for the state income tax exemption program.

**10. Q: If I have additional questions, who should I contact?**

A. For the student loan repayment portion of the program, contact Dan Lara, public information officer for the Department of Commerce, at (785) 296-3760 or [dlara@kansascommerce.com](mailto:dlara@kansascommerce.com). For questions about the state income tax rebate, contact the Department of Revenue at (785) 368-8222.

**State Income Tax Credit Questions**

**1. Q: What are the income requirements to qualify for the state income tax exemption?**

A: The law requires that an individual moving from out of state may not have earned more than \$10,000 in any one year for each of the past five years from Kansas source income before moving to a ROZs county.

**2. Q: Is there a requirement that an individual moving to a ROZs county be employed?**

A: No.

**3. What if I have additional questions?**

A: Contact the Department of Revenue at (785) 368-8222.

**Student Loan Forgiveness Questions**

**1. Q: Are there income guidelines to qualify for the student loan repayment portion of the program?**

A: No, there are no income requirements.

**2. Q: I'm a student graduating in May 2011 from college and moving to ROZs county this summer. Will I be eligible for the program?**

A: Yes, but with two very important caveats. First, you must move to a ROZs county **after** July 1, 2011, the date the law goes into effect. Second, you must move **after** the ROZs county opts in to the

student loan repayment program. Counties will have up to Jan. 1, 2012, to opt in. Check [KansasCommerce.com/RuralOpportunityZones](http://KansasCommerce.com/RuralOpportunityZones) for a current list of counties that have opted in.

**3. Q: I graduated from college before 2011. Can I participate in the program?**

A: Yes, provided you are currently repaying student loans and you follow the guidelines in question No. 2.

**4. How much will the program repay of my student loans?**

A: The program will pay 20 percent of your outstanding student loans up to a maximum of \$3,000 per year (\$15,000 maximum benefit over five years). For example, if you have \$10,000 of outstanding student loans, the program will repay 20 percent of that balance per year (in this case, \$2,000). If you have \$70,000 in outstanding student loans, for example, you're only eligible for the maximum benefit per year of \$3,000.

**5. Q: Are the payments I receive from the county-state considered taxable income?**

A: Yes, payments will be considered taxable income. For more information about this consult IRS publication 970, "Tax Benefits for Education."

**6. Q: Do individuals in this program enter into a contract with the county or state regarding terms of residence?**

A: No, but there will be a formal application process to determine eligibility for the program. The application procedure will be announced in July 2011.

**7. Q: Does becoming eligible for the program guarantee benefits?**

A: No, eligibility in the program does not guarantee benefits. The Kansas Legislature appropriated a limited amount of funding for this program (\$1.329 million), and once that funding is exhausted future eligible applicants will be placed on a waiting list until the Legislature appropriates more funds in 2012. In addition, some counties are limiting the number of eligible applicants they will take in the program because of budgetary reasons. The student loan repayment program is a county-state partnership, with each entity making half of a participant's student loan repayment each year.

We encourage applicants to apply early, once the application process is open.

**8. Q: When should I expect to receive the first repayment on my student loan?**

A: Repayments will be made annually, usually at the end of the calendar year. The earliest repayment would occur at the end of 2012.

**9. Q: Will repayments be made directly to me or be made directly to my lender?**

A: Repayments will be made directly to your lender.

**10. Q: If a new resident lives in one ROZs county but opens a business or works in another county, is he/she eligible for the student loan repayments.**

A: Yes.

**11. Q: Can a county focus on only certain degrees or professions?**

A: All degrees and professions are eligible.

**12. Q: Can a county pay bonuses?**

A: Any bonuses would be at the county's discretion.

**13. Q: Can two or more counties in a region partner to offer specific incentives for individuals?**

A: Partnering between two or more counties is above and beyond the scope of the legislation and would be up to the counties themselves.

**14. Q: Can graduates of a university or college in Kansas benefit from this program?**

A: Yes. Anyone who graduated from an accredited post-secondary education institution is eligible to participate in the student loan repayment portion of the program.

**15. Q: Does the school loan repayment apply to loans taken out by parents as well as those taken out by individuals agreeing to move to the ROZs county?**

A: Parents could be co-signers on the loan, but the students also have to be named on the loan to qualify for the repayment benefit.

**16. Q: Can a county repay more than the \$15,000 over five years if it wishes?**

A: Yes, at the county's discretion. The state, however, will not match more than the \$15,000 maximum.

**17. Q: Can a county find other sources of funding, such as from a foundation?**

A: Yes, other sources of funding are permitted.

**18. Q: Can charitable contributions be utilized?**

A: The county must opt-in and participate in the program, but providing those funds is at the county's discretion.

**19. Q: Could an individual donate to a foundation so that the foundation may partner with the county to repay the student loan payments of a qualified individual and then in turn receive a tax deduction?**

A: Yes. The foundation would have to be an IRS-designated charity for an individual to receive a tax deduction.