
How a Tax Credit Works!

Individuals and businesses make a donation to the northwest Kansas non-profit organization. To receive a tax credit the donation must be \$250 or greater, but all donations are accepted. For your donation, you will receive a Kansas Income Tax Credit in an amount equal to 75% of the donated amount. Example: I donate \$10,000 to the northwest Kansas economic development fund and I will receive a Kansas Income Tax Credit in the amount of \$7,500. That amount is deducted directly from the income tax I owe the State of Kansas in the year of donation. Even if I only owe the State of Kansas \$1,000 in income tax, I will still receive the full \$7,500 back. If I itemize my Federal personal return or I make the donation as a business the full donated amount is still eligible to be deducted from my Federal Tax Return as an ordinary expense, reducing my Federal Tax Liability. Every individual or business should consult their tax advisor for their personal situation.

Make checks payable to:

PIONEER COUNTRY

DEVELOPMENT, INC.

PO Box 248

Hill City, Kansas 67642

**Rural Business
Tax Credit
Program**



**NORTHWEST KANSAS
Planning & Dev.
Commission
Hill City, Kansas**

Rural Business Tax Credit Program

The 2004 Kansas Legislature created the “Rural Business Tax Credit Program” to provide a funding mechanism to help spur economic development in many regions of the State that have been losing population for several decades. The program provides \$1,000,000 in Kansas Income Tax Credits over a three-year period. These are a 75% credit, therefore, matching funds of another \$333,000 will be raised.

A minimum of 60% of the funds will be used for business development and job creation. A special emphasis will be placed on business entrepreneurs with growth potential. As a general rule, most loans will be \$60,000 or less and will be leveraged to the maximum extent with other programs such as the Small Business Administration, Rural Development, Local and Regional Revolving Loan Funds and traditional bank loans. Each \$35,000 in “tax credit” program funds should create at least 1 new job. The program loan funds will normally be in a subordinate lien position to maximize the leverage of other funds. If the projected cash flow works, a 100% loan may be made to a business. This will be extremely helpful to the entrepreneur who has a good idea, but no money to make the project happen. In cases of 100% financing, closer monitoring will be required for the first year or two of operation. The interest rate may vary over time, but should remain at no more than 2% above New York Prime. The current lending rate would be near 8%. After the initial three year program period, one-half of the repaid interest and any origination fees would be used for administration of the program. The remaining one half of the income earned would go back into the fund. Loan application information will be packaged by NWKP&DC staff and presented to a separate loan review committee appointed by the general board for their approval or denial.

Fifteen percent of the funds would be used for technology enhancements for northwest Kansas. Three initial projects have been identified. The first is the development of a web site that list (a database) all manufacturers in northwest Kansas and a brief description of their capabilities. The idea behind this is to match the manufacturer with an end user of the product. If a product is capable of being manufactured in northwest Kansas, we need to utilize that business as much as possible. Along with this would be an electronic bulletin board for manufacturers/retailers to post questions or a list of products needed.

The second technology enhancement would be to purchase interactive computers to be placed at strategic locations for the promotion of tourism sites in northwest Kansas. For example, a system could be set up at the travel center west of Goodland on I-70. As a traveler, I may be interested in the lakes in the area. All I would do is to touch “lakes” and it would bring up Cedar Bluff, Webster, Wilson, Antelope Lake, etc. and would give details on each lake such as camping, fishing, wildlife, marinas and simple directions to each area. High quality photos would also be a part of the interactive system.

The third technology enhancement would be to develop a web site for the regional planning and development office. This site would have secure business loan applications to be filled out online, a listing of programs available, examples and pictures of past projects (both business and community infrastructure), links to/or business buildings available in northwest Kansas, and links to other sites such as the Northwest Kansas Travel Council web site, local economic development organizations, etc.

Eventually, we would like to use a portion of the technology funds to do GIS mapping of communities in northwest Kansas, but that project is still in the planning stages and will likely require additional funding sources.

Ten percent of the tax credit funds would be used for business support services such as business counseling, business management seminars, classes and speakers, ag-tourism, seminars/feasibility studies on water sustainability for agriculture and human consumption, and job train-

ing. These business support services will be provided by a cooperative effort from the regional planning commission, the Small Business Development Center, RC&D’s, Solomon Valley Learning Center, Extension Offices and educational institutions.

Ten percent of the tax credit funds would be for regional leadership development and marketing. This category is the development of community leadership capacity to strengthen the economic and social environment of the northwest Kansas region. Community leadership capacity generally starts with youth or young adults that want to be involved in the decision making which will affect the rest of their lives. Many youth have very good ideas, but are afraid to bring them forward for fear of rejection. A good leadership program could give individuals the knowledge necessary to efficiently run a city or county government, make economic development projects happen, view this area in a positive fashion and develop the attitude of “what can I do to make a difference in northwest Kansas.” This program should not be an exclusive group, rather it should include “unlikely prospects” from all classes and races of the population.

The second part of this category is the marketing of the northwest Kansas region. This will be completed through the Northwest Kansas Travel Council, Inc. Travel shows will be attended promoting the region. The wildlife, the hunting and fishing, the leisure camping next to a lake, the natural beauty of the golden cottonwood trees in the fall or the fossil filled limestone cliffs in the river valleys, natural history museums and ethnic festivals. This is already being done on a limited basis, but funding has been a major deterrent to fully implementing the program.

For further information, please contact the Northwest Kansas Planning & Development Commission (785-421-2151 or nwkpdc@ruraltel.net).

Funded in part through Rural Business Development Tax Credits, administered by the Kansas Department of Commerce.
