

**OKLAHOMA TAX COMMISSION**

**REVENUE IMPACT STATEMENT  
SECOND REGULAR SESSION, FIFTY-SEVENTH OKLAHOMA LEGISLATURE**

**DATE OF IMPACT STATEMENT:** February 26, 2020.

**BILL NUMBER:** SB 1362

**STATUS AND DATE OF BILL:** Committee Substitute 2/25/2020

**AUTHORS:** House Fetgatter Senate Rader

**TAX TYPE (S):** Sales tax

**SUBJECT:** Oklahoma Local Development and Enterprise Zone Incentive Leverage Ac

**PROPOSAL:** Amended

The Committee Substitute for SB 1362 amends Section 842 of the Oklahoma Local Development and Enterprise Zone Incentive Leverage Act (62 O.S. § 840 et seq.); any development within a project plan that provides for more than fifty percent (50%) of the net leasable space of such development to be used for retail purposes is not eligible for local government matching payments, except for developments which include grocery or specialty food store enterprises defined under NAICS Manual Industry Group No. 4451 or 4452 that provide healthy nutrition options including fresh fruits, vegetables, whole grains, seeds, nuts and healthy protein and that improve access within one-half mile of any low income and low access geographies identified by the United States Department of Agriculture.

**EFFECTIVE DATE:** November 1, 2020

**REVENUE IMPACT:**

Insert dollar amount (plus or minus) of the expected change in state revenues due to this proposed legislation.

FY 21: None.

FY 22: None.

Mar. 2, 2020  
DATE

Rick Miller  
DIVISION DIRECTOR

lrh

3/2/2020  
DATE

Huan Gong  
HUAN GONG, ECONOMIST

3/2/2020  
DATE

[Signature]  
FOR THE COMMISSION

*The revenue impact provided herein is an estimate of the potential impact on the collection or apportionment of tax revenues affected by the proposed legislation. It is not intended to be an estimate of the overall fiscal impact on the state budget if the proposed legislation is enacted.*

## ATTACHMENT TO REVENUE IMPACT: SB 1362 [Committee Sub] Prepared 2/26/20

### ***Current Law:***

The Oklahoma Local Development and Enterprise Zone Incentive Leverage Act (62 O.S. § 840 et. al), provides funding for local governments to match local tax revenue dedicated to support economic development projects. This program, uses a portion of State taxes levied and collected to pay local enterprise and local government incentive claims and is intended to be fiscally neutral to the State. Eligible projects must be located entirely in an enterprise zone, in support of a major tourism destination or in support of a military growth impact. Gambling establishments and developments where more than 10% of the net leasable space will be used for retail are not eligible for local government matching payments.

To be eligible for local government matching payments, the local government provides the Tax Commission with a certification that the local government has created a tax increment district which qualifies for matching payments. After the local government provides the certification, the Tax Commission makes payment to the public entity in an amount equal to the lesser of (1) the certified amount of the local sales taxes apportioned during the previous 6 months; or (2) the estimated net direct state benefits.

The Tax Commission's primary responsibility related to the program is payment of incentives to the qualified businesses and public entities.

### ***Proposed Law:***

The Committee Substitute for SB 1362 amends Section 842 of the Oklahoma Local Development and Enterprise Zone Incentive Leverage Act (62 O.S. § 840 et seq.); any development within a project plan that provides for more than fifty percent (50%) of the net leasable space of such development to be used for retail purposes is not eligible for local government matching payments, except for developments which include grocery or specialty food store enterprises defined under NAICS Manual Industry Group No. 4451 or 4452 that provide healthy nutrition options including fresh fruits, vegetables, whole grains, seeds, nuts and healthy protein and that improve access within one-half mile of any low income and low access geographies identified by the United States Department of Agriculture.

No change in state tax revenue is expected as a result of this proposal.