

1 STATE OF OKLAHOMA

2 2nd Session of the 59th Legislature (2024)

3 COMMITTEE SUBSTITUTE

4 FOR

5 HOUSE BILL NO. 3959

6 By: Echols

7 COMMITTEE SUBSTITUTE

8 An Act relating to revenue and taxation; providing  
9 incentives for certain establishments related to  
10 professional sports; prescribing requirements for  
11 qualification for incentives; providing for cost-  
12 benefit analysis; providing for repayment of  
13 incentives based on certain circumstances; providing  
14 for transfer of certain monies to Quick Action  
15 Closing Fund; prescribing procedures for claims;  
16 providing for cessation of payments under certain  
17 circumstances; imposing maximum limit on incentive  
18 payments; prescribing method of payment; creating the  
19 Oklahoma Five Major Sports Leagues Rebate Payment  
20 Fund; providing for apportionment of revenues;  
21 providing for expenditures and prescribing procedures  
22 related thereto; providing for codification; and  
23 providing an effective date.

24 BE IT ENACTED BY THE PEOPLE OF THE STATE OF OKLAHOMA:

SECTION 1. NEW LAW A new section of law to be codified  
in the Oklahoma Statutes as Section 3951 of Title 68, unless there  
is created a duplication in numbering, reads as follows:

A. An establishment which meets the qualifications specified in  
the Oklahoma Five Major Sports Leagues Rebate Program Act may  
receive quarterly rebate payments from the Oklahoma Tax Commission

1 pursuant to the provisions of the Oklahoma Quality Jobs Program Act;  
2 provided, such an establishment defined or classified in the NAICS  
3 Manual under U.S. Industry No. 711211 (2007 version) or are a  
4 professional sports team from one of the five major sports leagues  
5 (NFL, NBA, NHL, MLB, MLS) may receive quarterly rebate payments for  
6 the period of time that they are located and perform in Oklahoma.  
7 The amount of such payments shall be equal to the net benefit rate  
8 multiplied by the actual gross payroll of new direct jobs for a  
9 calendar quarter as verified by the Oklahoma Employment Security  
10 Commission.

11 1. Any establishment or entity with a NAICS code classified as  
12 711211 that entered into a contract for the Quality Jobs Program  
13 with the Department of Commerce before the effective date of this  
14 act shall only be eligible to qualify for this program once the  
15 Quality Jobs contract expires or is terminated.

16 2. The baseline for new direct jobs shall be zero (0).

17 3. Based upon the effective date upon which the first rebate  
18 payment is to be received, an establishment or entity may receive  
19 quarterly rebate payments. However, the total yearly (or four  
20 consecutive) rebate payments shall not exceed Ten Million Dollars  
21 (\$10,000,000.00) in any single year.

22 B. In order to receive rebate payments, an establishment shall  
23 apply to the Oklahoma Department of Commerce. The application shall  
24 be on a form prescribed by the Department and shall contain such

1 information as may be required by the Department to determine if the  
2 applicant is qualified.

3 C. Except as otherwise provided by this section, in order to  
4 qualify to receive such payments, the establishment applying shall  
5 be required to:

6 1. Have an annual gross payroll for new direct jobs projected  
7 by the Department to equal or exceed Ten Million Dollars  
8 (\$10,000,000.00) within one (1) year of the first complete calendar  
9 quarter following the start date; and

10 2. Have a number of full-time-equivalent employees subject to  
11 the tax imposed by Section 2355 of Title 68 of the Oklahoma Statutes  
12 and working an annual average of thirty (30) or more hours per week  
13 in new direct jobs located in this state equal to or in excess of  
14 eighty percent (80%) of the total number of new direct jobs.

15 D. Upon approval of such an application, the Department shall  
16 notify the Tax Commission and shall provide it with a copy of the  
17 contract and the results of the cost-benefit analysis. The Tax  
18 Commission may require the qualified establishment to submit such  
19 additional information as may be necessary to administer the  
20 provisions of the Oklahoma Five Major Sports Leagues Rebate Program  
21 Act. The approved establishment shall file quarterly claims with  
22 the Tax Commission and shall continue to file such quarterly claims  
23 during the period in which the establishment or entity from one of  
24 the five major sports leagues is located and performs in Oklahoma to

1 show its continued eligibility for rebate payments, or until it is  
2 no longer qualified to receive rebate payments. The establishment  
3 or entity may be audited by the Tax Commission to verify such  
4 eligibility. Once the establishment or entity is approved, an  
5 agreement shall be deemed to exist between the establishment and the  
6 State of Oklahoma, requiring the continued rebate payment to be made  
7 as long as the establishment or entity retains its eligibility as  
8 defined in and established pursuant to this section of this title  
9 and within the limitations contained in the Oklahoma Five Major  
10 Sports Leagues Rebate Program Act, which existed at the time of such  
11 approval. An establishment or entity described in this subsection  
12 shall be required to repay all rebate payments received under the  
13 Oklahoma Five Major Sports Leagues Rebate Program Act if the  
14 establishment or entity is determined by the Oklahoma Tax Commission  
15 to no longer have business operations in the state within three (3)  
16 years from the beginning of the calendar quarter for which the first  
17 incentive payment claim is filed.

18 E. For any contract executed by an establishment or entity on  
19 or after August 2, 2018, five percent (5%) of the quarterly  
20 incentive payment amount shall be transferred by the Oklahoma Tax  
21 Commission to the Oklahoma Quick Action Closing Fund.

22 SECTION 2. NEW LAW A new section of law to be codified  
23 in the Oklahoma Statutes as Section 3952 of Title 68, unless there  
24 is created a duplication in numbering, reads as follows:

1       A. As soon as practicable after the end of the first complete  
2 calendar quarter following the start date, the establishment or  
3 entity shall file a claim for the payment with the Oklahoma Tax  
4 Commission and shall specify the actual number and gross payroll of  
5 new direct jobs for the establishment or entity for the calendar  
6 quarter. The Tax Commission shall verify the actual gross payroll  
7 for new direct jobs for the establishment for such calendar quarter.  
8 If the Tax Commission is not able to provide such verification  
9 utilizing all available resources, the Tax Commission may request  
10 such additional information from the establishment or entity as may  
11 be necessary or may request the establishment to revise its claim.  
12 An establishment or entity may file for an extension of the initial  
13 filing date with the Oklahoma Department of Commerce. Any such  
14 extension shall be based solely upon an extraordinary adverse  
15 business circumstance which prevented the establishment or entity  
16 from hiring the new direct jobs as projected. If an establishment  
17 or entity fails to file claims as required by this section, it shall  
18 forfeit the right to receive any rebate payments after one (1) year  
19 from the start date. If an establishment or entity has filed at  
20 least one claim pursuant to this section but fails to file another  
21 claim within two (2) years of the most recent claim, the Tax  
22 Commission, after consulting with the Department of Commerce, may  
23 dismiss the establishment from the program, forfeiting the  
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1 establishment or entity's right to receive rebate payments based on  
2 that contract.

3 B. If the actual verified gross payroll for four (4)  
4 consecutive calendar quarters does not equal or exceed the  
5 applicable total required by Title 68 of the Oklahoma Statutes  
6 within three (3) years of the start date, or does not equal or  
7 exceed the applicable total required by Section 3604 of Title 68 of  
8 the Oklahoma Statutes at any other time during the entire period  
9 after the start date for establishments defined or classified in the  
10 NAICS Manual under U.S. Industry No. 711211 (2007 version) or are a  
11 professional sports team from one of the five major sports leagues  
12 (NFL, NBA, NHL, MLB, MLS), the rebate payments shall not be made and  
13 shall not be resumed until such time as the actual verified gross  
14 payroll equals or exceeds the amounts specified in Section 3604 of  
15 Title 68 of the Oklahoma Statutes. If an establishment fails to  
16 achieve the required gross payroll within three (3) years of the  
17 start date, the establishment shall not make a new or renewal  
18 application for rebate payments authorized pursuant to the Oklahoma  
19 Five Major Sports Leagues Rebate Program Act for a period of twelve  
20 (12) months from the last day of the last month of the three-year  
21 period during which the required gross payroll amount was not  
22 achieved.

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1 C. In no event shall rebate payments, cumulatively, exceed the  
2 estimated net direct state benefits or Ten Million Dollars  
3 (\$10,000,000.00) in four (4) consecutive quarters.

4 D. An establishment or entity that has qualified pursuant to  
5 Section 3615 of Title 68 of the Oklahoma Statutes may receive rebate  
6 payments only in accordance with the provisions of the law under  
7 which it initially applied and was approved.

8 E. As soon as practicable after verification of the actual  
9 gross payroll as required by this section, the Tax Commission shall  
10 issue a warrant to the establishment in the amount of the net  
11 benefit rate multiplied by the actual gross payroll as determined  
12 pursuant to subsection A of this section for the calendar quarter.

13 SECTION 3. NEW LAW A new section of law to be codified  
14 in the Oklahoma Statutes as Section 3953 of Title 68, unless there  
15 is created a duplication in numbering, reads as follows:

16 There is hereby created within the State Treasury a special fund  
17 for the Oklahoma Tax Commission to be designated the "Oklahoma Five  
18 Major Sports Leagues Rebate Payment Fund". The Oklahoma Tax  
19 Commission is hereby authorized and directed to withhold a portion  
20 of the taxes levied and collected pursuant to Section 2355 of Title  
21 68 of the Oklahoma Statutes for deposit into the fund. The amount  
22 deposited shall equal the sum of an amount determined by multiplying  
23 the net benefit rate provided by the Department of Commerce by the  
24 gross payroll as determined pursuant to the provisions of this act.

1 All of the amounts deposited in such fund shall be used and expended  
2 by the Tax Commission solely for the purposes and in the amounts  
3 authorized by the Oklahoma Five Major Sports Leagues Rebate Program  
4 Act. The liability of the State of Oklahoma to make the incentive  
5 payments under this act shall be limited to the balance contained in  
6 the fund created by this section.

7 SECTION 4. This act shall become effective November 1, 2024.

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