

SENATE FLOOR VERSION

February 12, 2024

SENATE BILL NO. 2017

By: Rader of the Senate

and

Sims of the House

An Act relating to development incentives; amending 62 O.S. 2021, Section 842, which relates to the Oklahoma Local Development and Enterprise Zone Incentive Leverage Act; prescribing reporting requirements; requiring the Oklahoma Department of Commerce to make certain reported information available; updating statutory reference; and providing an effective date.

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

SECTION 1. AMENDATORY 62 O.S. 2021, Section 842, is amended to read as follows:

Section 842. A. An enterprise which locates its facility within an enterprise zone or which expands its existing facility after the designation of an enterprise zone as authorized by law and which is located in an incentive district as authorized pursuant to the provisions of the Local Development Act shall be eligible for the state local enterprise matching payment authorized pursuant to subsection A of Section 844 of this title.

1 B. 1. A local governmental entity which approves a project
2 plan pursuant to the provisions of the Local Development Act within
3 an enterprise zone or in support of a major tourism destination
4 project which the local governmental entity determines is likely to
5 significantly benefit contiguous or nearby enterprise zone census
6 tracts shall be eligible for the state local government matching
7 payment authorized pursuant to subsection D of Section 844 of this
8 title; provided, no state local government matching payment shall be
9 made for project costs in relation to:

10 a. any gambling establishment, or

11 b. any development within a project plan that provides
12 for more than fifty percent (50%) of the net leasable
13 space of such development to be used for retail
14 purposes except for such portions of a development
15 which includes grocery or specialty food store
16 enterprises defined under NAICS Manual Industry Group
17 No. 4451 or 4452 that provide healthy nutrition
18 options including fresh fruits, vegetables, whole
19 grains, seeds, nuts and healthy protein and that
20 improve access within one-half (1/2) mile of any low
21 income and low access geographies identified by the
22 United States Department of Agriculture.

1 State local government matching payments shall not be used to
2 supplant local revenue currently being expended within the increment
3 district boundaries.

4 2. In order to be eligible for state local government matching
5 payments for approving a project within an enterprise zone, a local
6 governmental entity shall provide to the Oklahoma Department of
7 Commerce as part of the application provided for in subsection J of
8 this section:

9 a. an estimate of incremental revenues likely to be
10 derived from the project, and

11 b. certification that all projects described within the
12 related project plan will generate, in the aggregate,
13 a minimum of either One Million Dollars
14 (\$1,000,000.00) in payroll, exclusive of payroll for
15 construction, or Five Million Dollars (\$5,000,000.00)
16 in investment.

17 3. In order to be eligible for state local government matching
18 payments in support of a major tourism destination project, a local
19 governmental entity shall provide to the Oklahoma Department of
20 Commerce as part of the application provided for in subsection ~~J~~ K
21 of this section:

22 a. an estimate of incremental revenues new to the state
23 likely to be derived from the project,
24

1 b. certification that the major tourism destination meets
2 the applicable criteria described in paragraph 12 of
3 Section 841 of this title, and

4 c. an agreement to provide payment to the Oklahoma
5 Department of Commerce to defray the costs of the
6 study required by paragraph 4 of this subsection.

7 4. To determine if a project qualifies as a major tourism
8 destination project pursuant to subparagraph b of paragraph 12 of
9 Section 841 of this title and to assist in other required
10 determinations, the Oklahoma Department of Commerce shall cause a
11 market and feasibility study to be conducted by an independent
12 consultant with experience in the conduct of such studies. Upon
13 review of the feasibility report, the Oklahoma Department of
14 Commerce shall make its finding as to the reasonable probability
15 that the proposed project is a major tourism destination project as
16 provided in subparagraph b of paragraph 12 of Section 841 of this
17 title.

18 C. For purposes of the Oklahoma Local Development and
19 Enterprise Zone Incentive Leverage Act, an enterprise engaged in a
20 retail activity, where otherwise prohibited by the Oklahoma
21 Enterprise Zone Act for purposes of the benefits and incentives
22 extended pursuant to the Oklahoma Enterprise Zone Act, shall be
23 considered an eligible enterprise for purposes of the state local
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1 enterprise matching payment authorized by the Oklahoma Local
2 Development and Enterprise Zone Incentive Leverage Act.

3 D. The maximum amount of state local enterprise matching
4 payments for an enterprise per fiscal year shall not exceed Two
5 Hundred Thousand Dollars (\$200,000.00).

6 E. Except as provided in subsection H of this section, for
7 purposes of the Oklahoma Local Development and Enterprise Zone
8 Incentive Leverage Act, the maximum amount of aggregate investment
9 in all qualifying facilities located in any single county which can
10 qualify for a state local enterprise matching payment pursuant to
11 subsection A of Section 844 of this title shall be computed for each
12 county of the state by multiplying Two Hundred Dollars (\$200.00)
13 times the population of the county according to the most recent
14 estimate provided by the United States Bureau of the Census prior to
15 the date an application is made.

16 F. The computation required by subsection E of this section
17 shall be the maximum amount of aggregated investment qualifying for
18 the purposes of all enterprises for the duration of the Oklahoma
19 Local Development and Enterprise Zone Incentive Leverage Act.

20 G. The aggregate investment limit for all facilities located
21 within a county which may qualify for the state local enterprise
22 matching payments pursuant to subsection A of Section 844 of this
23 title shall:
24

1 1. Not be less than Twenty Million Dollars (\$20,000,000.00) for
2 counties with a population of less than one hundred thousand
3 (100,000) persons; and

4 2. Not be greater than Forty Million Dollars (\$40,000,000.00)
5 for all other counties of the state.

6 H. The aggregate limit for all state local government matching
7 payments made to any public entity on behalf of any local
8 governmental entity within a single county pursuant to subsection D
9 of Section 844 of this title for the duration of the Oklahoma Local
10 Development and Enterprise Zone Incentive Leverage Act shall be an
11 amount equal to the net benefit rate multiplied by the taxable gross
12 sales derived from the project over the period of apportionment of
13 local sales taxes, as certified by the Secretary of Commerce.

14 I. The payments authorized by Section 844 of this title shall
15 be available for business and governmental entities qualifying
16 pursuant to the Local Development Act for investments made within an
17 incentive district or for improvements made within an increment
18 district prior to December 31, 2007, or for which an incentive
19 district or an increment district has been created prior to December
20 31, 2028, if the investments or improvements are begun not later
21 than December 31, 2029.

22 J. An enterprise or entity receiving payments authorized
23 pursuant to the provisions of Section 844 of this title shall
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1 annually report to the Oklahoma Department of Commerce the
2 following:

3 1. All employment resulting from the project or facility
4 location or expansion, including payroll amounts;

5 2. Capital investment amounts resulting from the project or
6 facility location or expansion; and

7 3. Changes in the assessed value of property resulting from the
8 project or facility location or expansion.

9 The Department shall make available on the Department website
10 the information reported pursuant to this subsection.

11 K. The Oklahoma Department of Commerce shall promulgate rules
12 for administration of the Oklahoma Local Development and Enterprise
13 Zone Incentive Leverage Act. Such rules shall:

14 1. Include a procedure for an enterprise or local governmental
15 entity to make application for state local enterprise and state
16 local government matching payments pursuant to this section;

17 2. Reflect the intent that the Oklahoma Local Development and
18 Enterprise Zone Incentive Leverage Act be fiscally neutral to the
19 state; and

20 3. Establish reporting requirements, including the requirements
21 provided in subsection J of this section, for successful applicants
22 which allow data collection and analysis by the Department on
23 employment, capital investment, changes in assessed value of a
24 project and other impacts resulting from payments and reporting of

1 such data by the Department to the Oklahoma Tax Commission for the
2 purposes of subsection B of Section 847 of this title.

3 SECTION 2. This act shall become effective November 1, 2024.

4 COMMITTEE REPORT BY: COMMITTEE ON FINANCE
5 February 12, 2024 - DO PASS
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