

1 STATE OF OKLAHOMA

2 1st Session of the 60th Legislature (2025)

3 SUBCOMMITTEE RECOMMENDATION
4 FOR

5 HOUSE BILL NO. 2218

6 By: Deck

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8 SUBCOMMITTEE RECOMMENDATION

9 An Act relating to revenue and taxation; enacting the
10 Local Music Incentive Act of 2025; defining terms;
11 imposing limits on rebate incentive amounts;
12 providing for incentive payment to certain eligible
13 entities; prescribing amount of incentive payment;
14 providing for computation of incentive payment
15 amounts; prescribing application procedures;
16 requiring Oklahoma Tax Commission to evaluate
17 applications; creating the Local Music Incentive
18 Revolving Fund; providing sources of revenue; stating
19 purpose of fund; prescribing procedures for
20 expenditures; providing for codification; providing
21 an effective date; and declaring an emergency.

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

23 SECTION 1. NEW LAW A new section of law to be codified
24 in the Oklahoma Statutes as Section 4601 of Title 68, unless there
is created a duplication in numbering, reads as follows:

This act shall be known and may be cited as the "Local Music
Incentive Act of 2025".

1 SECTION 2. NEW LAW A new section of law to be codified
2 in the Oklahoma Statutes as Section 4602 of Title 68, unless there
3 is created a duplication in numbering, reads as follows:

4 As used in this act:

5 1. "Eligible performance" means an event involving singing or
6 the playing of one or more musical instruments or a combination of
7 vocal performance and musical instrumental performance by at least
8 one local performer at an eligible venue. For purposes of this act,
9 incentive payments may be made with respect to a musical performance
10 that includes persons or entities that are not defined as a "local
11 performer" pursuant to paragraph 4 of this section if there is at
12 least one local performer providing a musical performance as such
13 terms are defined pursuant to the provisions of this act;

14 2. "Eligible venue" means either an indoor or outdoor location
15 that is capable of hosting a musical performance, whether one person
16 or more, for vocal or instrumental works or both, and which either
17 sells or is capable of selling tangible personal property subject to
18 state or local sales tax, or sells or is capable of selling items
19 which would be or are subject to the mixed beverage gross receipts
20 tax. For purposes of this paragraph, an eligible venue may be owned
21 by a federally recognized Native American tribe if the tribe has
22 entered into a compact with the State of Oklahoma in order to remit
23 revenue derived from the operations of a tribal gaming facility
24 authorized pursuant to the Indian Gaming Regulatory Act, 25 U.S.C.,

1 Section 2701 et seq. or to remit some part of revenue derived from a
2 tax, levied by the tribal entity, with respect to sales of tangible
3 personal property at the venue or mixed beverage gross receipts tax
4 or its equivalent or both such tax types;

5 3. "Eligible venue entity" means the person or lawfully
6 recognized entity that owns or operates or owns and operates an
7 eligible venue and which is either a vendor for purposes of state
8 sales tax collections or a remitter of mixed beverage gross receipts
9 tax or both such tax types;

10 4. "Local performer" means a resident of the State of Oklahoma
11 with respect to an individual, residents of the State of Oklahoma
12 with respect to two or more persons appearing at an eligible venue,
13 or a lawfully recognized business entity having Oklahoma residents
14 as the owner or owners of a majority of the voting equity interest
15 of the business entity;

16 5. "Minimum performance time" means the period of time
17 allocated to a local performer at the eligible venue for performance
18 of vocal music, instrumental music or both which shall be at least
19 thirty (30) minutes in duration. An eligible venue entity shall
20 make payment to the local performer either prior to the performance,
21 but not later than the day of the performance and the payment shall
22 be at least One Hundred Dollars (\$100.00);

23 6. "Mixed beverage gross receipts tax" means the levy imposed
24 pursuant to Section 5-105 of Title 37A of the Oklahoma Statutes or

1 with respect to an eligible tribal entity, a sales or equivalent tax
2 imposed by the tribe at a facility at which gaming authorized
3 pursuant to the Indian Gaming Regulatory Act is authorized to be
4 conducted;

5 7. "Musical performance" means production of sound by natural
6 persons either vocally or with the use of one or more musical
7 instruments or both, but shall not include karaoke performances or
8 the delivery of previously recorded music through any form of sound
9 system, including performances by one or more persons using audio
10 equipment that is not either a live vocal music performance or a
11 live performance by one or more natural persons through the use of
12 one or more instruments. For purposes of this act, no rebate
13 payments shall be made with respect to any musical performance
14 unless at least eighty percent (80%) of the total event time
15 consists of either a vocal performance or a performance with one or
16 more musical instruments or a combination of both vocal and
17 instrumental performance;

18 8. "Resident" means a person who occupies a dwelling located
19 within the state for at least six (6) months during a calendar year.
20 For purposes of this act, absence from the state resulting from
21 contractual obligations to perform at venues outside the state shall
22 not be disregarded in computation of the period of residency;

23 9. "Sales tax" means the levy imposed pursuant to Section 1354
24 of Title 68 of the Oklahoma Statutes or with respect to an eligible

1 tribal entity, a sales or equivalent tax imposed by the tribe at a
2 facility at which gaming authorized pursuant to the Indian Gaming
3 Regulatory Act is authorized to be conducted;

4 10. "Ticketed venue" means a location at which a musical
5 performance takes place for purposes of this act which requires the
6 purchase of an admission to attend the performance and which is
7 documented with either a paper ticket or an electronic ticket,
8 including, but not limited to, a bar code, QR Code, or similar
9 technology; and

10 11. "Unticketed venue" means a location at which a musical
11 performance takes place for purposes of this act which does not
12 require the purchase of an admission to attend the performance and
13 which is documented with either a paper ticket or an electronic
14 ticket, including, but not limited to, a bar code, QR Code, or
15 similar technology.

16 SECTION 3. NEW LAW A new section of law to be codified
17 in the Oklahoma Statutes as Section 4603 of Title 68, unless there
18 is created a duplication in numbering, reads as follows:

19 A. The maximum rebates that may be paid pursuant to the
20 provisions of this act shall not exceed Ten Million Dollars
21 (\$10,000,000.00) each fiscal year.

22 B. The maximum rebate that may be paid to a business entity
23 with respect to a single event at an eligible venue shall be Two
24 Thousand Dollars (\$2,000.00) per event.

1 C. The maximum rebate that may be paid to a business entity
2 with respect to all events at an eligible venue shall be Fifty
3 Thousand Dollars (\$50,000.00).

4 SECTION 4. NEW LAW A new section of law to be codified
5 in the Oklahoma Statutes as Section 4604 of Title 68, unless there
6 is created a duplication in numbering, reads as follows:

7 A. An eligible venue entity may receive a rebate of either
8 sales tax or mixed beverage gross receipts tax based upon such
9 revenues collected by or remitted by the entity at which the
10 eligible performance occurs as further provided by this section.

11 B. A rebate of sales tax revenue shall be applicable to state
12 sales tax collected by the eligible venue entity from sales of
13 tangible personal property occurring during the period of time
14 beginning twelve (12) hours prior to the scheduled start time for a
15 musical performance at the eligible venue and ending twelve (12)
16 hours after the scheduled start time for a musical performance at
17 the eligible venue.

18 C. A rebate of mixed beverage gross receipts tax shall be
19 applicable to the mixed beverage gross receipts tax paid or remitted
20 by the eligible venue entity from sales of beverages subject to such
21 levy occurring during the period of time beginning twelve (12) hours
22 prior to the scheduled start time for a musical performance at the
23 eligible venue and ending twelve (12) hours after the scheduled
24 start time for a musical performance at the eligible venue.

1 D. An eligible venue entity may apply for a rebate of either
2 sales tax or mixed beverage gross receipts tax according to the
3 provisions of this act no more often than quarterly during each
4 calendar year.

5 E. If an entity owning or operating a venue is collecting only
6 sales tax, the rebate shall be limited to sales tax. If an entity
7 owning or operating a venue is collecting both sales tax and mixed
8 beverage gross receipts tax, the rebate shall be limited to mixed
9 beverage gross receipts tax.

10 F. The application shall be submitted to the Oklahoma Tax
11 Commission no later than the following dates:

- 12 1. April 20 for the First Quarter;
- 13 2. July 20 for the Second Quarter;
- 14 3. October 20 for the Third Quarter; and
- 15 4. January 20 of the succeeding calendar year for the Fourth
16 Quarter.

17 G. The amount of the rebate incentive payment shall be:

- 18 1. Ten percent (10%) of the applicable taxes as prescribed by
19 this act if the venue has a maximum capacity of three hundred (300)
20 persons and is an unticketed venue; or
- 21 2. Fifteen percent (15%) of the applicable taxes as prescribed
22 by this act if the venue has a maximum capacity greater than three
23 hundred (300) persons, but not greater than six hundred (600)
24 persons and is a ticketed venue.

1 SECTION 5. NEW LAW A new section of law to be codified
2 in the Oklahoma Statutes as Section 4605 of Title 68, unless there
3 is created a duplication in numbering, reads as follows:

4 A. An eligible venue entity may make application for a rebate
5 of either sales tax revenue or mixed beverage gross receipts tax
6 revenue or both on a form to be prescribed by the Oklahoma Tax
7 Commission for such purpose.

8 B. A copy of the applicable sales tax return or mixed beverage
9 gross receipts tax returns shall be attached or transmitted to the
10 Tax Commission with the application as the Tax Commission may
11 prescribe.

12 C. The amount of sales tax or mixed beverage gross receipts tax
13 to be paid in the form of an incentive shall not exceed the amounts
14 as described pursuant to subsection B or C of Section 4 of this act
15 with respect to each tax type.

16 D. It shall be the duty of the eligible venue entity making
17 application for an incentive payment to be able to document the
18 amount of the applicable tax collected, with respect to sales tax,
19 or the amount of the applicable tax remitted or paid by the entity,
20 with respect to the mixed beverage gross receipts tax, based upon
21 the time periods as prescribed by subsection B or C of Section 4 of
22 this act.

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1 E. The Oklahoma Tax Commission shall have the ability to
2 conduct an audit of the books and records of any business entity to
3 which an incentive is paid pursuant to the provisions of this act.

4 SECTION 6. NEW LAW A new section of law to be codified
5 in the Oklahoma Statutes as Section 4606 of Title 68, unless there
6 is created a duplication in numbering, reads as follows:

7 The Tax Commission shall evaluate the application and may
8 request such information from the applicant as may be required to
9 document eligibility for the rebate. The Oklahoma Film and Music
10 Office shall provide such assistance to the Tax Commission as may be
11 required in order to implement the provisions of this act.

12 SECTION 7. NEW LAW A new section of law to be codified
13 in the Oklahoma Statutes as Section 4607 of Title 68, unless there
14 is created a duplication in numbering, reads as follows:

15 There is hereby created in the State Treasury a revolving fund
16 for the Oklahoma Tax Commission to be designated the "Local Music
17 Incentive Revolving Fund". The fund shall be a continuing fund, not
18 subject to fiscal year limitations, and shall consist of all monies
19 received by the Oklahoma Tax Commission from such sources as may be
20 provided by law. All monies accruing to the credit of said fund are
21 hereby appropriated and may be budgeted and expended by the Oklahoma
22 Tax Commission for the purpose of making rebate payments to an
23 eligible venue entity as provided by this act. Expenditures from
24 said fund shall be made upon warrants issued by the State Treasurer

1 against claims filed as prescribed by law with the Director of the
2 Office of Management and Enterprise Services for approval and
3 payment.

4 SECTION 8. This act shall become effective July 1, 2025.

5 SECTION 9. It being immediately necessary for the preservation
6 of the public peace, health or safety, an emergency is hereby
7 declared to exist, by reason whereof this act shall take effect and
8 be in full force from and after its passage and approval.

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