

1 ENGROSSED HOUSE  
2 BILL NO. 2894

By: Townley of the House

3 and

4 Thompson of the Senate  
5

6 An Act relating to revenue and taxation; amending 68  
7 O.S. 2021, Section 2397, as amended by Section 2,  
8 Chapter 30, 1st Extraordinary Session, O.S.L. 2023  
9 (68 O.S. Supp. 2024, Section 2397), which relates to  
10 Oklahoma Tourism Development Act inducements;  
11 changing date that prohibits the granting of certain  
12 sales tax credits and incentive payment rights; and  
13 providing an effective date.

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

15 SECTION 1. AMENDATORY 68 O.S. 2021, Section 2397, as  
16 amended by Section 2, Chapter 30, 1st Extraordinary Session, O.S.L.  
17 2023 (68 O.S. Supp. 2024, Section 2397), is amended to read as  
18 follows:

19 Section 2397. A. Upon receiving notification from the  
20 Executive Director of the Oklahoma Department of Commerce that an  
21 approved company has entered into a tourism project agreement and is  
22 entitled to the inducements provided by the Oklahoma Tourism  
23 Development Act, the Oklahoma Tax Commission shall provide the  
24 approved company with forms and instructions as necessary to claim  
or receive or pass-through those inducements.

1 B. An approved company whose agreement provides that it shall  
2 expend approved costs of more than Five Hundred Thousand Dollars  
3 (\$500,000.00) for a tourism attraction project but less than One  
4 Million Dollars (\$1,000,000.00) shall be entitled to a sales tax  
5 credit if the company certifies to the Tax Commission that it has  
6 expended at least the minimum amount in approved costs, and the  
7 Executive Director certifies that the approved company is in  
8 compliance with the Oklahoma Tourism Development Act. The Tax  
9 Commission shall then issue a tax credit memorandum to the approved  
10 company granting a sales tax credit in the amount of up to ten  
11 percent (10%) of the approved costs, but limited to the percent of  
12 the approved costs that will result in the project being revenue-  
13 neutral to this state as determined by the Oklahoma Department of  
14 Commerce. Subsequent requests for credit for additional certified  
15 approved costs in excess of the minimum amount for each project as  
16 listed in this subsection but less than One Million Dollars  
17 (\$1,000,000.00) shall result in a sales tax credit in the amount of  
18 up to ten percent (10%) of the approved costs, but limited to the  
19 percent of the approved costs that will result in the project being  
20 revenue-neutral to this state as determined by the Oklahoma  
21 Department of Commerce. Sales tax credits allowed pursuant to the  
22 provisions of the Oklahoma Tourism Development Act shall not be  
23 transferable or assignable; provided that, with respect to a tourism  
24 attraction project that is an Entertainment District, the approved

1 company can elect to pass-through all or a portion of the sales tax  
2 credit to one or more Entertainment District Tenant Parties. The  
3 approved company and the Entertainment District Tenant Party shall  
4 jointly file a copy of the written credit pass-through agreement  
5 with the Oklahoma Tax Commission within thirty (30) days of the  
6 effective date of the agreement. Such filing of the agreement with  
7 the Oklahoma Tax Commission shall perfect such agreement. The  
8 written agreement shall contain the name, address and taxpayer  
9 identification number of the parties to the agreement, the amount of  
10 credit being passed-through, the month and year the credit was  
11 originally allowed to the approved company, the month and tax year  
12 or years for which the credit may be claimed, and a representation  
13 by the approved company that the approved company has neither  
14 claimed for its own behalf nor conveyed such credits to any other  
15 Entertainment District Tenant Party. The Tax Commission shall  
16 develop a standard form for use by an approved company and an  
17 Entertainment District Tenant Party demonstrating eligibility for  
18 the Entertainment District Tenant Party to utilize the sales tax  
19 credit. The Tax Commission shall develop a system to record and  
20 track the pass-through of the sales tax credit and certify the  
21 ownership of the sales tax credit and may promulgate rules to permit  
22 verification of the validity and timeliness of a sales tax credit  
23 claimed upon a sales tax return pursuant to this subsection but  
24 shall not promulgate any rules which unduly restrict or hinder the

1 pass-through of such sales tax credit to an Entertainment District  
2 Tenant Party.

3 An approved company whose agreement provides that it shall  
4 expend approved costs in excess of One Million Dollars  
5 (\$1,000,000.00) shall be entitled to a sales tax credit if the  
6 company certifies to the Tax Commission that it has expended at  
7 least One Million Dollars (\$1,000,000.00) in approved costs and the  
8 Executive Director certifies that the approved company is in  
9 compliance with the Oklahoma Tourism Development Act. The Tax  
10 Commission shall then issue a tax credit memorandum to the approved  
11 company granting a sales tax credit in the amount of up to twenty-  
12 five percent (25%) of the approved costs, but limited to the percent  
13 of the approved costs that will result in the project being revenue-  
14 neutral to this state as determined by the Oklahoma Department of  
15 Commerce. The credit on all subsequent additional certified  
16 approved costs shall be in the amount of up to twenty-five percent  
17 (25%) of the costs, but limited to the percent of the approved costs  
18 that will result in the project being revenue-neutral to this state  
19 as determined by the Oklahoma Department of Commerce. For a tourism  
20 attraction project that is an Entertainment District, an approved  
21 company may elect to receive an incentive payment based on sales tax  
22 collections of Entertainment District Tenant Parties rather than a  
23 sales tax credit. The incentive payment shall be in the amount of  
24 up to twenty-five percent (25%) of the approved costs but limited to

1 the percent of the approved costs that will result in the project  
2 being revenue-neutral to this state as determined by the Oklahoma  
3 Department of Commerce; provided that, (A) in no event shall the  
4 incentive payments exceed the increased state sales tax liability of  
5 the approved company and the Entertainment District Tenant Parties  
6 that is actually received by the Tax Commission, and (B) the  
7 approved company shall be entitled to receive only ten percent (10%)  
8 of the incentive payment amount during each calendar year. The Tax  
9 Commission shall issue an incentive payment memorandum to the  
10 approved company granting a right to receive an incentive payment  
11 from the Tax Commission in the amount of up to twenty-five percent  
12 (25%) of the approved costs but limited to the percent of the  
13 approved costs that will result in the project being revenue-neutral  
14 to this state as determined by the Oklahoma Department of Commerce.  
15 As soon as practicable after the end of each calendar year during  
16 the term of the agreement, the approved company shall file a claim  
17 for the incentive payment with the Tax Commission, and the Tax  
18 Commission shall be responsible for ensuring that the amount of the  
19 incentive payment claimed does not exceed the increased state sales  
20 tax liability of the approved company and the Entertainment District  
21 Tenant Parties that has been actually received by the Tax  
22 Commission, which may include accessing the Oklahoma sales tax  
23 returns of the Entertainment District Tenant Parties as permitted by  
24 this section.

1 The cumulative inducements provided pursuant to the Oklahoma  
2 Tourism Development Act shall not exceed Thirty Million Dollars  
3 (\$30,000,000.00) per year.

4 The Tax Commission shall require proof of expenditures prior to  
5 issuing a tax credit memorandum or incentive payment memorandum to  
6 the approved company which may be satisfied by a report from an  
7 independent certified public accountant. Additional credit  
8 memoranda or incentive memoranda may be issued as the approved  
9 company certifies additional expenditures of approved costs.

10 No tax credit memorandum or incentive payment memorandum shall  
11 be issued for any approved costs expended after the expiration of  
12 three (3) years from the date the agreement was signed by the  
13 Executive Director and the approved company. However, the Executive  
14 Director, with the advice and consent of the Tax Commission, may  
15 authorize inducements for approved costs expended up to five (5)  
16 years from the date the agreement was signed if the Executive  
17 Director determines that the failure to complete the tourism  
18 attraction project within three (3) years resulted from:

19 1. Unanticipated and unavoidable delay in the construction of  
20 the tourism attraction;

21 2. An original completion date for the tourism attraction, as  
22 originally planned, which will be more than three (3) years from the  
23 date construction began; or

24

1 3. A change in business ownership or business structure  
2 resulting from a merger or acquisition.

3 C. A sales tax credit allowed pursuant to the provisions of  
4 this section may be used to offset a portion of the reported state  
5 sales tax liability of the approved company or an Entertainment  
6 District Tenant Party, if applicable, for all sales tax reporting  
7 periods following the issuance of the credit memorandum subject to  
8 the following limitations:

9 1. Only increased state sales tax liability may be offset by  
10 the issued credit;

11 2. An approved company whose agreement provides that it shall  
12 expend approved costs in excess of One Million Dollars  
13 (\$1,000,000.00) or an Entertainment District Party, if applicable,  
14 shall be entitled to use only ten percent (10%) of the amount of  
15 each issued credit to offset increased state sales tax liability  
16 during each calendar year, plus the amount of any unused credit  
17 carried forward from a prior calendar year, and an approved company  
18 whose agreement provides that it shall expend approved costs of more  
19 than the minimum amount for each project as listed in this  
20 subsection but less than One Million Dollars (\$1,000,000.00) shall  
21 be entitled to use only twenty percent (20%) of the amount of each  
22 issued credit to offset increased state sales tax liability during  
23 each calendar year, plus the amount of any unused credit carried  
24 forward from a prior calendar year; and

1 3. All issued credit memoranda or incentive payment memoranda  
2 shall expire at the end of the month following the expiration of the  
3 agreement as provided in Section 2396 of this title.

4 The approved company or an Entertainment District Tenant Party,  
5 if applicable, shall have no obligation to refund or otherwise  
6 return any amount of this inducement to the person from whom the  
7 sales tax was collected.

8 D. The Tax Commission shall promulgate rules as are necessary  
9 for the proper administration of the Oklahoma Tourism Development  
10 Act. The Tax Commission may also develop forms and instructions as  
11 necessary for an approved company or Entertainment District Tenant  
12 Party, if applicable, to claim or receive or pass-through the  
13 inducements provided by the Oklahoma Tourism Development Act.

14 E. The Tax Commission shall have the authority to obtain any  
15 information necessary from or regarding the approved company or an  
16 Entertainment District Tenant Party, if applicable, and the  
17 Executive Director to verify that approved companies or an  
18 Entertainment District Tenant Party, if applicable, have received  
19 the proper amounts of inducements as authorized by the Oklahoma  
20 Tourism Development Act. The Oklahoma Tax Commission shall demand  
21 the repayment of any inducements taken or received in excess of the  
22 inducements allowed by the Oklahoma Tourism Development Act.

23 F. No sales tax credit or incentive payment right authorized by  
24 this section shall be granted on or after ~~January 1, 2026~~ January 1,



1 2032. Notwithstanding the foregoing, an approved company that has  
2 entered into a tourism attraction project agreement with the  
3 Oklahoma Department of Commerce pursuant to Section 2396 of this  
4 title prior to ~~January 1, 2026~~ January 1, 2032, shall continue to be  
5 entitled to claim or receive any inducements authorized by this  
6 section as contemplated by the tourism project agreement.

7 G. All currently approved tourism project agreements executed  
8 by the Oklahoma Tourism and Recreation Department are hereby  
9 transferred to the Oklahoma Department of Commerce upon November 1,  
10 2021.

11 H. On November 1, 2021, all administrative rules promulgated by  
12 the Oklahoma Tourism and Recreation Department regarding the  
13 Oklahoma Tourism Development Act shall be transferred to and become  
14 a part of the administrative rules of the Oklahoma Department of  
15 Commerce. The Office of Administrative Rules in the Office of the  
16 Secretary of State shall provide adequate notice in the Oklahoma  
17 Register of the transferred rules and shall place the transferred  
18 rules under the Administrative Code section of the Oklahoma  
19 Department of Commerce. On November 1, 2021, any amendment, repeal,  
20 or addition to the transferred rules shall be under the jurisdiction  
21 of the Oklahoma Department of Commerce, who shall have the authority  
22 to enact rules in order to carry out the provisions of the Oklahoma  
23 Tourism Development Act.

24 SECTION 2. This act shall become effective November 1, 2025.

1 Passed the House of Representatives the 26th day of March, 2025.

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3 \_\_\_\_\_  
4 Presiding Officer of the House  
5 of Representatives

6 Passed the Senate the \_\_\_\_ day of \_\_\_\_\_, 2025.

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9 Presiding Officer of the Senate