ENGROSSED HOUSE
BILL NO. 1847

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and

HOOPER, LEFTWICH, CAPPS and HERBERT of the SENATE

(PUBLIC FINANCE - LOCAL DEVELOPMENT APPORTIONMENT ACT - EMERGENCY)

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 851 of Title 62, unless there is created a duplication in numbering, reads as follows:

This act shall be known and may be cited as the "Local Development Apportionment Act".

SECTION 2. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 852 of Title 62, unless there is created a duplication in numbering, reads as follows:

It is hereby found and declared: (1) that there exist in certain cities, towns and counties, conditions of blight, deterioration, arrested economic development, underemployment and unemployment, which constitute a serious and growing threat, injurious and inimical to the public health, safety, morals and

welfare of the residents of said cities, towns, and counties; (2) that the existence of such conditions contributes an economic and social liability imposing onerous burdens which decrease the tax base and reduce tax revenues, encourages the relocation of commerce, industry or manufacturing to other states, discourages the retention, expansion and development of commerce, industry, or manufacturing in this state, and substantially impairs or arrests sound growth and economic development; (3) that the prevention and elimination of such conditions is a matter of state policy and state concern; (4) that the development or redevelopment of blighted areas, unproductive areas, undeveloped and underdeveloped areas, as herein defined, will assist in the prevention and elimination of such conditions, stabilize property values, distribute tax burdens more equitably, and strengthen the financial and capital resources of the state; and (5) that this threat can best be remedied by cooperative participation of private enterprise, city, town and county governing bodies, and public entities.

It is further found and declared: (1) that the reduction or elimination of the conditions hereinbefore enumerated may require the use of the powers and authorizations as provided in this act; (2) that the powers conferred by this act are for public uses and public purposes; and (3) it is hereby declared that it is a matter of legislative determination that the provisions of this act are enacted in the public interest.

SECTION 3. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 853 of Title 62, unless there is created a duplication in numbering, reads as follows:

As used in this act:

1. "Apportionment" means the direction by a governing body, authorized by the Legislature pursuant to Section 6C of Article X of the Oklahoma Constitution, to apply all or any portion of an increment and all or any portion of sales taxes or local fees, or

any combination thereof, to financing a development or redevelopment plan and project in accordance with this act.

2. "Blighted area" means an area in which there are properties, buildings, or improvements, whether occupied or vacant, whether residential or nonresidential, which are subject to dilapidation, deterioration, age or obsolescence; inadequate provision for ventilation, light, air, sanitation, or open spaces; population overcrowding; improper subdivision or obsolete platting of land; inadequate parcel size; arrested economic development; improper street layout in terms of existing or projected traffic needs, traffic congestion or lack of parking or terminal facilities needed for existing or proposed land uses in the area; predominance of defective or inadequate street layouts; faulty lot layout in relation to size, adequacy, accessibility or usefulness; unsanitary or unsafe conditions; deterioration of site or other improvements; diversity of ownership, tax or special assessment delinquency exceeding the fair value of the land; defective or unusual conditions of title; any one or combination of such conditions which substantially impairs or arrests the sound growth of municipalities, or constitutes an economic or social liability, or which endangers life or property by fire or other causes, or is conducive to ill health, transmission of disease, mortality, juvenile delinquency, or crime, and by reason thereof is detrimental to the public health, safety, morals, or welfare;

3. "Development financing" means financing provided to carry out or assist in carrying out a development or redevelopment project in furtherance of the objectives of this act;

4. "Development or redevelopment public entity" means a public entity designated by a governing body to carry out or assist in carrying out a development or redevelopment project pursuant to this act and may include an urban renewal authority created by Section 38-107 of Title 11 of the Oklahoma Statutes, a public trust

organized for redevelopment pursuant to Section 40-112 of Title 11 of the Oklahoma Statutes, a city, a town, a county or any other public body or public trust organized for economic development purposes;

5. "Development or redevelopment plan" means a plan of a city, town, or county for development or redevelopment intended by the payment of development or redevelopment costs to reduce or eliminate those conditions, the existence of which qualified the project area as an undeveloped or underdeveloped area, an unproductive area, a blighted area, or combination thereof, and to thereby enhance the tax bases of the taxing jurisdictions which extend into the project area. Each development or redevelopment plan shall conform to the requirements of Section 4 of this act;

6. "Development or redevelopment project" means any development project in furtherance of the objectives of the development or redevelopment plan;

7. "Development or redevelopment project area" means an area designated by the governing body, in respect to which the governing body has made a finding that there exist conditions which cause the area to be classified as an undeveloped or underdeveloped area, an unproductive area, a blighted area, or a combination thereof;

8. "Development or redevelopment project costs" means the sum total of all reasonable or necessary costs incurred or estimated to be incurred, and any such costs incidental to a development or redevelopment plan and a development or redevelopment project. Such costs include, but are not limited to, the following:

a. costs of studies, surveys, plans and specifications,

b. professional service costs, including, but not limited to, architectural, engineering, legal, marketing, financial, planning or special services,

c. property assembly costs, including, but not limited to, acquisition of land and other property, real or

personal, or rights or interests therein, demolition of buildings, and the clearing and grading of land,

d. costs of rehabilitation, reconstruction, or repair or remodeling of existing buildings and fixtures,

e. costs of construction of public works or improvements, including but not limited to highways, roads, streets, bridges, sewers, traffic control systems and devices, telecommunications systems, water distribution and supply systems, curbing, sidewalks and any other similar public improvements, common utility or service facilities, and water detention/retention systems,

f. financing costs, including, but not limited to, all necessary and incidental expenses related to the issuance of obligations, and which may include payment of principal and interest on any obligations issued hereunder accruing during the estimated period of construction of any development or redevelopment project for which such obligations are issued and for not more than eighteen (18) months thereafter, and including reasonable reserves related thereto,

g. all or a portion of a taxing jurisdiction's capital costs resulting from the development or redevelopment project necessarily incurred or to be incurred in furtherance of the objectives of the plan and project, to the extent the governing body by written agreement accepts and approves such costs, and

h. relocation costs to the extent that a governing body determines that relocation costs shall be paid or are required to be paid by federal or state law;

9. "Governing body" means the city council of a city, the board of trustees of a town, or the board of county commissioners of a county;

10. "Increment" means that portion of local ad valorem taxes in excess of the amount of that portion of the taxes which are produced by the levy at the rate fixed each year by or for each such public body upon the total initial assessed value of the project area or as to an area later added to the boundaries of the project area, the effective date of the addition to the project area, which may be apportioned pursuant to Section 11 of this act for specific public investments, assistance in development financing or as a specific revenue source for other public entities in the area in which the improvements take place;

11. "Local fees" means fees paid to or for the benefit of the city, town or county which approves a development or redevelopment plan pursuant to the provisions of this act, or, with its consent, evidenced by written agreement, all or any portion of the fees payable to any other local public entity;

12. "Local taxes" means ad valorem taxes and sales taxes other than taxes paid to and for the benefit of the state;

13. "Obligations" means bonds, loans, debentures, notes, special certificates, or other evidences of indebtedness issued by a development or redevelopment public entity to carry out a redevelopment project or to refund outstanding obligations;

14. "Planning commission" means an organization established for local planning by local government or governments in accordance with the laws of this state;

15. "Public entity" means the state or any incorporated city, town, board, commission, authority, district, public trust or any subdivision or public body of the state;

16. "Tax apportionment bonds" means bonds issued by a development or redevelopment public entity to finance project costs, pursuant to a district plan, which are to be repaid in whole or in part with apportioned tax increments;

17. "Taxing jurisdiction" means a city, town, county, school district, political subdivision or other local public entity for which local taxes or fees are levied or charged by or on its behalf;

18. "Undeveloped or underdeveloped area" means any area or portion of an area located within the territorial limits of a city, town or county, which does not meet the requirements of paragraphs 2 and 19 of this section, which consists of predominantly vacant land, and in which the governing body finds that development or redevelopment is in the public interest because it will:

a. retain or assist in retaining commerce, industry or manufacturing in this state and discourage moving their operations to another state, or

b. result in increased employment in such city, town or county, or

c. result in preservation or enhancement of the tax base of such city, town or county; and

19. "Unproductive area" means any improved area within the boundaries of a project area located within the territorial limits of a municipality in which fifty percent (50%) or more of the structures in the area have an age of thirty (30) years or more. Such an area is not yet a blighted area but is detrimental to the public health, safety, morals, or welfare and may become a blighted area because of any one or more of the following factors: dilapidation; obsolescence; deterioration; illegal use of individual structures; presence of structures below minimum code standards; abandonment; excessive vacancies; overcrowding of structures and community facilities; lack of ventilation, light or sanitary facilities; inadequate utilities; excessive land coverage; deleterious land use or layout; depreciation of physical maintenance; and lack of community planning.

SECTION 4. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 854 of Title 62, unless there is created a duplication in numbering, reads as follows:

Each development or redevelopment plan shall set forth in writing the program to be undertaken to accomplish the objectives and shall include, but need not be limited to, estimated development or redevelopment project costs, the sources of funds to pay the costs, evidence of commitments to finance the project costs, the nature and term of the sources of funds to pay costs, the nature and term of the obligations to be issued, the most recent equalized assessed valuation of the project area, an estimate as to the equalized assessed valuation after development or redevelopment, and the general land uses to apply in the development or redevelopment project area. No development or redevelopment plan shall be adopted without findings that:

1. The development or redevelopment project area on the whole is an undeveloped or underdeveloped area, an unproductive area, or a blighted area, or a combination thereof and the conditions which qualify the project area are not reasonably anticipated to be reduced or eliminated without the adoption of the development or redevelopment plan;

2. The development or redevelopment plan and the project conform to the comprehensive plan, if any, for the development of the city, town or county as a whole, and written recommendations with respect to the proposed plan have been received from the planning commission or that such planning commission has failed to submit written recommendations within sixty (60) days of receipt of the proposed plan;

3. The use of the powers authorized by Section 6 of this act are necessary or desirable to reduce or eliminate those conditions, the existence of which qualified the project area for approval of a development or redevelopment plan;

4. The estimated dates, which shall not be more than twenty-five (25) years from the adoption of the ordinance or resolution approving the project area, of completion of the project and retirement of obligations incurred to finance project costs have been stated;

5. A plan has been developed for relocation assistance for businesses and residences displaced by the project; and

6. The development or redevelopment plan will afford maximum opportunity for participation by private enterprise.

SECTION 5. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 855 of Title 62, unless there is created a duplication in numbering, reads as follows:

For purposes of the Local Development Apportionment Act, the authority of the county shall be limited to the unincorporated areas of such county but any city, town or county may by agreement jointly plan, finance, or carry out a development plan with any other public or private entity for one or more development projects within their respective boundaries.

SECTION 6. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 856 of Title 62, unless there is created a duplication in numbering, reads as follows:

A city, town or county may:

1. By ordinance, if a city or town, or resolution, if a county, introduced in the governing body within fourteen (14) to ninety (90) days from the completion of the hearing required in Section 8 of this act, approve development or redevelopment plans and projects, and designate project areas pursuant to the notice and hearing requirements of the Local Development Apportionment Act. No project area shall be designated unless a plan and project are approved prior to or in conjunction with the designation of such area and such area shall include only those parcels of real property and

improvements thereon substantially benefited by the proposed project improvements;

2. Make and enter into all contracts necessary or incidental to the implementation and furtherance of its redevelopment plan and project;

3. Within a project area, subject to any constitutional limitations, acquire by purchase, donation, or lease and own, convey, lease, mortgage or dispose of land and other property, real or personal, or rights or interests therein, and grant or acquire licenses, easements and options with respect thereto, all in the manner and at such price as is determined to be reasonably necessary to achieve the objectives of the plan and project. No conveyance, lease, mortgage, disposition of land or other property, or agreement relating to the development of the property shall be made except upon public approval of the agreement and public disclosure of the terms of the disposition and all bids or proposals made in response to a request for proposals. The procedures for obtaining such bids or proposals shall provide reasonable opportunity for any person to submit alternative proposals or bids;

4. Within a project area, clear any area acquired by demolition or removal of existing buildings and structures;

5. Within a project area, renovate, rehabilitate, or construct any structure or building;

6. Install, repair, construct, reconstruct, or relocate streets, utilities, and site improvements essential to the preparation of the area for use in accordance with a plan;

7. Within a project area, fix, charge, and collect fees, rents and other charges for the use of any building or property owned or leased by it or any part thereof, or facility therein;

8. Accept grants, guarantees, and donations of property, labor or other things of value from a public or private source for use within a project area;

9. Acquire and construct public facilities within a project area;

10. Incur project costs;

11. Designate a development or redevelopment public entity to exercise the powers enumerated in this section, except paragraphs 1 and 12 of this section, and to make recommendations to the governing body concerning the adoption of plans and projects and the designation of areas; and

12. Direct the use and apportionment of local taxes and local fees as authorized by this act.

SECTION 7. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 857 of Title 62, unless there is created a duplication in numbering, reads as follows:

If any member of the governing body, a member of a development or redevelopment public entity designated pursuant to paragraph 11 of Section 6 of this act, or an employee or consultant of the municipality involved in the planning and preparation of a redevelopment plan, or redevelopment project for a redevelopment area or proposed redevelopment area, owns or controls an interest, direct or indirect, in any property included in any redevelopment area, or proposed redevelopment area, he or she shall disclose the same in writing to the clerk or the city, town or county, and shall also so disclose the dates, terms and conditions of any disposition of any such interest, which disclosures shall be acknowledged by the governing body and entered upon the minutes books of the governing body. If an individual holds such an interest, then that individual shall refrain from any further official involvement in regard to such plan, project or area, from voting on any matter pertaining to such plan, project or area, or communicating with other members concerning any matter pertaining to that plan, project or area. Furthermore, no such member or employee shall acquire any interest, direct or indirect, in any property in a development or

redevelopment area or proposed area after either the date such individual obtains knowledge of such plan, project or area, or the date first public notice of such plan, project or area is given pursuant to Section 9 of this act, whichever first occurs.

SECTION 8. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 857.1 of Title 62, unless there is created a duplication in numbering, reads as follows:

A. Prior to the adoption of an ordinance or resolution proposing the designation of a development or redevelopment project area or approving a development or redevelopment plan or project and prior to the public hearing required by Section 9 of this act, the governing body shall appoint a review committee to review and make a recommendation concerning such proposed area, plan or project. The membership of the review committee shall consist of the following: a representative of the governing body; a representative of the planning commission having jurisdiction over the area; a representative designated by each taxing jurisdiction within the area; and three members representing the public at large.

B. The review committee shall consider and make its findings and recommendations to the governing body with respect to the conditions establishing the eligibility of the proposed project area and the appropriateness of the approval of the proposed plan and project.

C. Prior to approval by the governing body, the review committee shall consider and determine whether the proposed plan and project will impose negative financial impact on any taxing jurisdiction within the proposed area and shall report its findings to the governing body. Such consideration shall be concurrent with or subsequent to the review and consideration of the committee provided for in subsection B of this section. The approval of any development or redevelopment project area or any development or redevelopment plan and project by the governing body shall

specifically address any findings of such negative impact by the review committee.

D. Approval of the proposed development or redevelopment project area or the proposed development or redevelopment plan and project by the governing body which is in accord with the recommendation of the review committee shall be by a majority vote of the governing body. Such approval which is not in accord with the recommendation of the review committee shall by by a two-thirds (2/3) majority.

E. In the event of any changes in the proposed development or redevelopment project area or any substantial changes in the proposed development or redevelopment plan and project or for any other reason deemed appropriate by the governing body, the review committee shall consider and may modify its findings and recommendations made pursuant to the provisions of either subsection B of this section or subsection C of this section.

SECTION 9. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 858 of Title 62, unless there is created a duplication in numbering, reads as follows:

Prior to the adoption of an ordinance or resolution proposing the designation of a redevelopment project area, or approving a redevelopment plan or redevelopment project, the governing body shall fix a time and place for a public hearing and notify each political subdivision located wholly or partially within its boundaries of the hearing. At the public hearing any interested person or affected taxing jurisdiction may file with the clerk written objections to, and may be heard orally in respect to, any issues embodied in the notice. The governing body shall hear and determine all protests and objections at the hearing. The hearing may be adjourned to another date without further notice other than a motion to be entered upon the minutes fixing the time and place of the subsequent hearing. Prior to the adoption of an ordinance or

resolution approving a development or redevelopment plan or project, or designating a project area, but after the hearing, changes may be made in the plan, project, or area which changes do not alter the exterior boundaries, or do not substantially affect the general land uses established in the plan or substantially change the nature of the project, without further hearing or notice; provided, that notice of such changes is given by mail to each affected taxing jurisdiction and by publication in a newspaper or newspapers of general circulation within the taxing jurisdiction not less than ten (10) days prior to the adoption of the changes by ordinance or resolution. After the adoption of a development or redevelopment plan or project, or designating a project area, no ordinance or resolution shall be adopted altering the exterior boundaries affecting the general land uses established pursuant to the plan or changing the nature of the project without complying with the procedures provided in this section pertaining to the initial approval of a plan or project and designation of project area. Hearings with regard to a development or redevelopment project, area, or plan may be held simultaneously.

SECTION 10. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 859 of Title 62, unless there is created a duplication in numbering, reads as follows:

A. Notice of the public hearing required by Section 9 of this act shall be given by publication and mailing. Notice by publication shall be given by publication at least twice, the first publication to be not more than thirty (30) days and the second publication to be not more than ten (10) days prior to the hearing, in a newspaper of general circulation within the taxing jurisdictions. Notice by mailing shall be given by depositing such notice in the United States mails by certified mail addressed to the person or persons in whose name the general taxes for the last preceding year were paid on each lot, block, tract, or parcel of

land lying within the project area. Such notice shall be mailed not less than ten (10) days prior to the date set for the public hearing. In the event taxes for the last preceding year were not paid, the notice shall also be sent to the person last listed on the tax rolls within the preceding three (3) years as the owners of such property.

B. The notices issued pursuant to the provisions of this section shall include the following:

1. The time and place of the public hearing;

2. The boundaries of the proposed project area by legal description and by street location, where possible;

3. A statement that all interested persons shall be given an opportunity to be heard at the public hearing;

4. A description of the development or redevelopment plan or project for the proposed project area if a plan or project is the subject matter of the hearing and a location and time where the entire plan may be reviewed by an interested party; and

5. Such other matters as the governing body may deem appropriate.

C. Not less than forty-five (45) days prior to the date set for the public hearing, the governing body shall give notice by mail as provided in subsection A of this section to all taxing jurisdictions from which taxable property is included in the development or redevelopment area, project or plan, and in addition to the other requirements under subsection B of this section, the notice shall include an invitation to each taxing jurisdiction to submit comments to the governing body concerning the subject matter of the hearing prior to the date of hearing.

SECTION 11. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 860 of Title 62, unless there is created a duplication in numbering, reads as follows:

A. A development or redevelopment plan may contain a provision that local ad valorem taxes levied within the boundaries of the project area after the effective date of the approval of such plan and project area shall be apportioned in the following manner for a period not to exceed twenty-five (25) years or the period required for payment of project costs, whichever is less:

1. That portion of the taxes which are produced by the levy at the rate fixed each year by or for each such public body upon the total initial assessed value of the project area or as to an area later added to the boundaries of the plan of the project area, shall be paid to each taxing entity; and

2. That portion of ad valorem taxes in excess of such amount as determined pursuant to paragraph 1 of this subsection, shall be apportioned to, and when collected, shall be paid into an apportionment fund established for the project area pursuant to the plan to be used solely as specified in the plan for the payment of the project costs and the principal of, the interest on, and any premiums due in connection with the bonds of, loans, notes, or advances of money to, or indebtedness incurred to finance project costs, whether funded, refunded, assumed, or otherwise, for financing, in whole or in part, project costs pursuant to the plan. Nothing shall prohibit such increments from being used to directly pay eligible project costs. When all eligible project costs and such bonds, loans, advances of money or indebtedness, if any, including interest thereon and any premiums due in connection with them, have been paid and the governing body adopts an ordinance or resolution dissolving the tax apportionment financing, all ad valorem taxes upon the taxable property in such project area shall be paid into the funds of the respective taxing jurisdictions.

B. A development or redevelopment plan may contain a provision that such portion of local sales taxes or local fees, or both, as specified in such plan and collected after the effective date of the

approval of such plan and project area, shall be apportioned in the following manner for a period not to exceed twenty-five (25) years of the period required for payment of project costs, whichever is less:

1. All or any portion of local sales taxes or local fees collected each year which are not subject to apportionment shall be paid or retained as otherwise provided by law; and

2. That portion of local sales taxes or local fees, or both, paid to or for the benefit of the city, town, or county approving the development or redevelopment plan, and, with its consent, evidenced by agreement in writing, all or any portion of the sales taxes or local fees, or both, payable to any other local public entity, shall be apportioned to, and when collected, shall be paid into an apportionment fund established for the project area pursuant to the plan to be used solely as specified in the plan for the payment of the project costs and the principal of, the interest on, and any premiums due in connection with the bonds of, loans, notes, or advances of money to, or indebtedness incurred to finance project costs, whether funded, refunded, assumed, or otherwise, for financing, in whole or in part, project costs pursuant to the plan. Nothing shall prohibit such local sales taxes and local fees from being used to directly pay eligible project costs. When all eligible project costs and such bonds, loans, advances of money or indebtedness, if any, including interest thereon and any premiums due in connection with them, have been paid and the governing body adopts an ordinance or resolution dissolving the apportionment financing, all local sales taxes and local fees, or both, shall be paid into the funds of the respective taxing jurisdictions and local public entities.

C. No part of the current equalized assessed valuation of each property in the project area attributable to any increase above the total initial equalized assessed value of such properties shall be

used in calculating the general state school aid formula, until such time as all project costs have been paid as provided for in this section.

D. Nothing in this section shall be construed as relieving property in such district from being assessed as provided in the Ad Valorem Tax Code, as amended, or as relieving owners of such property from paying a uniform rate of taxes, as required by Section 5 of Article X of the Oklahoma Constitution.

E. In the event there is a general reassessment of taxable property valuations of any property within the boundaries of the project area or a change in the rate of other local taxes, the portions of valuations for assessment or other local taxes pursuant to paragraphs 1 and 2 of subsection A of this section shall be proportionately adjusted in accordance with such reassessment or rate change.

SECTION 12. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 861 of Title 62, unless there is created a duplication in numbering, reads as follows:

A. Upon approval of a plan containing property tax apportionment financing as provided in Section 11 of this act and the adoption of agreements related thereto, the county assessor shall, within ninety (90) days, calculate the total assessed value of all taxable real property within the boundaries of the project area as of the date of approval of the plan, or, as to an area later added to the project, as of the date of approval of such addition, and shall certify to the governing body of the city, town or county this amount as the "total initial equalized assessed value" of that project area.

B. After the county assessor has certified the "total initial equalized assessed value" of the taxable real property in such area, then in respect to every taxing jurisdiction receiving taxes levied in the project area, the county assessor or any other official

required by law to ascertain the amount of the equalized assessed value of all taxable property within such project area for the purpose of computing the tax levy to be extended upon taxable property within such project area, shall in every year that the tax apportionment is in effect ascertain the amount of value of taxable property in such project area by including in such amount the certified "total initial equalized assessed value" of all taxable property in such project area in lieu of the equalized assessed value of all taxable real property in such project area. The tax levy determined shall be extended to the current equalized assessed value of all property in the project area in the same manner as the tax levy is extended to all other taxable property in the project area. The method of extending taxes established under the provisions of this section shall terminate when the governing body adopts an ordinance or resolution dissolving the tax apportionment financing. The provisions of the Local Development Apportionment Act shall not be construed as relieving property owners within a tax apportionment project area from paying a uniform rate of taxes upon the current equalized assessed value of their taxable property as required by Section 5 of Article 10 of the Oklahoma Constitution.

SECTION 13. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 862 of Title 62, unless there is created a duplication in numbering, reads as follows:

A. With the approval of the governing body, a development or redevelopment public entity may issue tax apportionment bonds or notes, the proceeds of which may be used to pay project costs pursuant to the plan. Subject to approval of the governing body, such public entity may issue refunding bonds or notes for the payment or retirement of bonds or notes previously issued by the public entity to pay project costs pursuant to the plan.

B. The public entity issuing tax apportionment bonds or notes may, as authorized by the governing body, irrevocably pledge all or

part of the apportioned increments and other revenue for payment of the tax apportionment bonds or notes. The part of the apportioned increments pledged in payment may be used only for the payment of the bonds or notes or interest on the bonds or notes until the bonds or notes have been fully paid. A holder of the bonds or notes or of coupons issued on the bonds has a lien against the apportionment fund and the future increments for payment of the bonds or notes and interest on the bonds or notes and may protect or enforce the lien at law of in equity.

C. Tax apportionment bonds or notes, together with the interest on and income from those bonds or notes, are exempt from all state and local taxes.

D. The issuing public entity may provide in the contract with the owners or holders of tax apportionment bonds that it will pay into the apportionment fund all or any part of the revenue produced or received from the operation or sale of a property or facility acquired, improved, or constructed pursuant to a project plan, to be used to pay principal and interest on the bonds. If the public entity agrees, the owners or holders of tax apportionment bonds may have a lien or mortgage on a property or facility acquired, improved, or constructed with the proceeds of the bonds.

E. Tax apportionment bonds may be issued to mature in a period not to exceed twenty-five (25) years in one or more series. The trust indenture or mortgage issued in connection with a tax apportionment bond or note, shall provide:

1. The date that the bond or note bears;

2. That the bond or note is payable on demand or at a specified time;

3. The interest rate that the bond or note bears;

4. The denomination of the bond or note;

5. Whether the bond or note shall be in coupon or registered form;

6. The conversion or registration privileges of the bond or note;

7. The manner or execution of the bond or note;

8. The medium of payment in which and the place or places at which the bond or note is payable;

9. The terms or redemption, with or without premium, to which the bond or note is subject;

10. The manner in which the bond or note is secured; and

11. Any other characteristic of the bond or note.

F. A bond or note issued under the provisions of the Local Development Apportionment Act is fully negotiable. In a suit, action, or other proceeding involving the validity or enforceability of a bond or note issued pursuant to the provisions of this act or the security of a bond or note issued pursuant to the provisions of this act, if the bond or note recites in substance that it was issued by the public entity pursuant to this act, the bond or note is deemed to have been issued for that purpose, and the recital shall be conclusive evidence of its validity and the regularity of its issuance.

G. A bank, trust company, savings bank or institution, savings and loan association, investment company or other person carrying on a banking or investment business; an insurance company, insurance association, or other person carrying on an insurance business; or an executor, administrator, curator, trustee, or other fiduciary may invest any sinking funds, money, or other funds belonging to it or in its control in tax apportionment bonds or notes issued under this act. This act does not relieve any person of the duty to exercise reasonable care in selecting securities or of complying with the other applicable laws.

H. A tax apportionment bond or note is not a debt, liability or obligation of the city, town or county creating or approving the plan, project or project area. Such bond or note does not give rise

to a charge against the general credit or taxing powers of the city, town or county approving the plan, project or project area. A tax apportionment bond or note issued under this act must state the restrictions of this subsection on its face.

I. The indebtedness evidenced by a tax apportionment bond or note shall not be included in any computation of the debt of the city, town or county approving the plan, project, or project area.

J. A public entity may not issue tax apportionment bonds or notes, pursuant to the provisions of this section, in an amount that exceeds the total cost of implementing the project plan for which the bonds or notes are issued.

SECTION 14. This act shall become effective July 1, 1992.

SECTION 15. It being immediately necessary for the preservation of the public peace, health and safety, an emergency is hereby declared to exist, by reason whereof this act shall take effect and be in full force from and after its passage and approval.

Passed the House of Representatives the 27th day of February, 1992.

Speaker of the House of Representatives

Passed the Senate the ____ day of _____, 1992.

President of the Senate