

STATE OF OKLAHOMA

2nd Session of the 47th Legislature (2000)

SENATE BILL 1058

By: Muegge

AS INTRODUCED

An Act relating to public finance; creating Oklahoma Agricultural Enterprise Zone Act; providing short title; defining terms; specifying certain duties of Oklahoma Department of Commerce, State Department of Agriculture and Oklahoma Tax Commission; providing procedure for qualification as family-owned agricultural enterprise; requiring certain evaluation and notification; allowing receipt of certain benefits and incentives by approved family-owned agricultural enterprises; requiring certain report and specifying contents thereof; providing for codification; and providing an effective date.

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 692.1 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 "Oklahoma Agricultural Enterprise Zone Act".

SECTION 2. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 692.2 of Title 62, unless there is created a duplication in numbering, reads as follows:

For the purposes of this act:

1. "Agricultural enterprise" means any form of business organization primarily relating to agriculture, including but not limited to, any partnership, sole proprietorship, corporation, limited liability company or other legally constituted business entity;

2. "Agricultural enterprise zone" means a county in which at least twenty percent (20%) of the value of the annual gross domestic product in the calendar year preceding the beginning of the fiscal

year for which an application is made pursuant to Section 3 of this act is derived from agricultural enterprises and which:

- a. has experienced a decrease in population of ten percent (10%) or more since the 1990 federal decennial census, based upon the most recent federal decennial census conducted after 1990 or upon the annual estimate provided by the United States Bureau of the Census, or
- b. has been determined to rank in the lowest twenty-five counties for per capita personal income as measured by the Bureau of Economic Analysis for the Oklahoma region for the calendar year preceding the beginning of the fiscal year for which an application is made pursuant to Section 3 of this act; and

3. "Family-owned agricultural enterprise" means an agricultural enterprise which is a closely held family corporation, sole proprietorship, partnership, limited liability company, or other unincorporated family business engaged in the trade or business of farming, where some or all of the assets thereof are held collectively by persons related within the third degree of consanguinity and at least one of such asset holders receives wages from the agricultural enterprise or is subject to self-employment tax on income earned from the agricultural enterprise for the calendar year preceding the fiscal year for which an application is made pursuant to the provisions of Section 3 of this act.

SECTION 3. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 692.3 of Title 62, unless there is created a duplication in numbering, reads as follows:

A. On April 1 of each year, the Oklahoma Department of Commerce, in conjunction with the State Department of Agriculture, shall designate as agricultural enterprise zones those counties

which meet the criteria set out in paragraph 2 of Section 2 of this act.

B. Upon application by a family-owned agricultural enterprise seeking to qualify for the benefits and incentives authorized by the provisions of the Oklahoma Agricultural Enterprise Zone Act, the Oklahoma Department of Commerce may approve a family-owned agricultural enterprise for the benefits and incentives provided by Section 4 of this act. In order for a family-owned agricultural enterprise to qualify for such benefits and incentives, the enterprise must demonstrate to the Oklahoma Department of Commerce the following conditions in an application to the Department using a form prescribed by the Department for such purpose:

1. Organization of the enterprise, including but not limited to, a demonstration that the enterprise qualifies as a family-owned agricultural enterprise; and

2. The existing location of the enterprise in an agricultural enterprise zone as of the date of the application for benefits and incentives or the proposed location of the enterprise in an agricultural enterprise zone, with demonstrated ability to commence business operations in the agricultural enterprise zone within one (1) year from the date an application is approved.

C. The Oklahoma Department of Commerce shall promulgate rules concerning application procedures and requirements for a family-owned agricultural enterprise to qualify for benefits and incentives pursuant to the Oklahoma Agricultural Enterprise Zone Act in accordance with the Administrative Procedures Act.

D. All applications submitted to the Oklahoma Department of Commerce shall be submitted to and evaluated by an Agricultural Enterprise Zone Application Review Committee to be composed of three (3) persons who shall be:

1. The Chair of the Oklahoma Tax Commission, or a designee;

2. The Director of the Oklahoma Department of Commerce, or a designee; and

3. The Commissioner of the State Department of Agriculture, or a designee.

E. The Agricultural Enterprise Zone Application Review Committee shall evaluate all applications received. The applications shall be submitted not later than July 1. The Committee shall have the authority to conduct hearings, in accordance with the Administrative Procedures Act, to hear testimony and to evaluate evidence in support of an application.

F. The Agricultural Enterprise Zone Application Review Committee shall notify each successful family-owned agricultural enterprise of its decision by certified mail, return receipt requested, within five (5) working days. The notification shall also contain a certificate, a copy of which shall be forwarded to the Oklahoma Tax Commission, identifying the enterprise as a successful applicant pursuant to the application and evaluation process as provided by this section.

SECTION 4. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 692.4 of Title 62, unless there is created a duplication in numbering, reads as follows:

A. The following benefits and incentives shall be available to approved family-owned agricultural enterprises for the calendar year following the year in which the application was approved pursuant to the provisions of Section 3 of this act:

1. A credit against the tax levied by Section 2355 of Title 68 of the Oklahoma Statutes in the amount of Five Hundred Dollars for each Ten Thousand Dollars (\$10,000.00) paid by the enterprise as wages or One Hundred Dollars (\$100.00) for each Five Thousand Dollars (\$5,000.00) of taxable self-employment income, up to a maximum amount in any single taxable year of Five Hundred Dollars

(\$500.00). Such credit shall not be carried forward and shall not be refundable; and

2. Priority for receipt of loans under the Oklahoma Agricultural Linked Deposit Program. The State Treasurer shall grant priority in the awarding of such loans to approved family-owned agricultural enterprises.

B. Any family-owned agricultural enterprise moving into an agricultural enterprise zone on or after the effective date on which the agricultural enterprise zone is designated may obtain the benefits and incentives provided by this section if the enterprise meets the requirements established by law for the receipt of such benefits.

C. A family-owned agricultural enterprise located within an agricultural enterprise zone before the date on which the agricultural enterprise zone is designated may obtain the benefits and incentives provided by this section if the enterprise meets the requirements established by law for the receipt of such benefits.

SECTION 5. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 692.5 of Title 62, unless there is created a duplication in numbering, reads as follows:

The Oklahoma Department of Commerce, in conjunction with the State Department of Agriculture, shall produce an annual report by October 15 of each year for the Governor, the President Pro Tempore of the Senate and the Speaker of the House of Representatives regarding the performance of agricultural enterprise zones. Information in the report shall include but not be limited to the amount of tax credits granted, jobs added, if known, and the impact on unemployment rates within the zones. The information concerning the tax credits shall be provided to the Oklahoma Department of Commerce by the Oklahoma Tax Commission.

SECTION 6. This act shall become effective November 1, 2000.

