

STATE OF OKLAHOMA

1st Session of the 48th Legislature (2001)

HOUSE BILL HB1904

By: Roach

AS INTRODUCED

An Act relating to public finance; amending Section 11, Chapter 342, O.S.L. 1992, as last amended by Section 3, Chapter 351, O.S.L. 2000, and Section 17, Chapter 342, O.S.L. 1992, as amended by Section 7, Chapter 351, O.S.L. 2000 (62 O.S. Supp 2000, Sections 860 and 866), which relate to the Local Development Act; specifying written agreement between property owners and the governing body; adding items that may be contained in the written agreement; and providing an effective date.

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

SECTION 1. AMENDATORY Section 11, Chapter 342, O.S.L. 1992, as last amended by Section 3, Chapter 351, O.S.L. 2000 (62 O.S. Supp. 2000, Section 860), is amended to read as follows:

Section 860. A. A project plan may contain a provision that certain local taxes may be subject to incentives or may be exempted in reinvestment areas, historic preservation areas or enterprise areas.

B. The governing body may grant incentives or exemptions from local taxation only on the new investment made. No ad valorem tax incentives or exemptions may be granted on the value of property which has been assessed or which is subject to assessment prior to the adoption of the project plan. No ad valorem tax incentives or exemptions authorized in this section may be granted for retail establishments. If a retail establishment is located in property which otherwise qualifies for an incentive or exemption pursuant to this section, the incentive or exemption shall not be allowed for that portion of the property used for such retail establishment. As

used in this subsection, "retail establishment" shall not include an establishment that provides lodging, including but not limited to a hotel, apartment hotel, public rooming house or motel. No ad valorem tax incentives or exemptions authorized in this section may be granted if the property is located in an increment district or if the property is subject to the ad valorem tax exemption for new or expanding manufacturing facilities as authorized by Section 6B of Article X of the Oklahoma Constitution. In the event of disposition by lease or sublease to a lessee not entitled to an ad valorem tax exemption, the improvements placed thereon shall not be entitled to an ad valorem tax exemption provided for in Section 850 et seq. of this title. The incentives or exemptions, which may be full or partial, may be granted for a period not to exceed five (5) years; however, in enterprise zones incentives or exemptions may be granted for a period not to exceed six (6) years.

C. No incentives or exemptions may be granted to any business or firm that is relocating from within the state and is subject to or in the process of recruitment by two or more governmental entities within the state unless the governmental entity in which the business or firm does not locate adopts a resolution giving their approval to the granting of incentives or exemptions to the business or firm locating in the competing governmental entity. No incentives or exemptions may be granted to an out-of-state business or firm that is subject to or in the process of recruitment by two or more governmental entities within the state except as otherwise provided for in this subsection. The prohibition against incentives or exemptions to a business or firm relocating within the state may be waived upon application by the governing body to, and approval of, the Director of the Oklahoma Department of Commerce. In order for the Director to approve the waiver, the Director must find that the incentives or exemptions are necessary and sufficient to attract

the business or firm and that the benefits generated by the business location outweigh the costs of the business location.

D. A project plan may contain a provision that ad valorem taxes may be exempted in a ~~historie~~ commercial preservation area that is adjacent to and serves designated historical residential areas for neighborhood commercial preservation purposes in order for the neighborhood to retain its basic character and scale. No ad valorem tax exemption may be granted on the value of property which has been assessed or which is subject to assessment prior to the adoption of the project plan. No ad valorem tax exemption shall be granted pursuant to the provisions of this subsection for single-family residences. The governing body may grant the exemption only on the increase in value of the property. The exemptions may be granted for a specific period of time as determined by ~~the~~ a written agreement between the property owners of the area and the governing body and may be renewed. Uses of the property eligible for this exemption may include but not be limited to commercial, office or multifamily residential use.

SECTION 2. AMENDATORY Section 17, Chapter 342, O.S.L. 1992, as amended by Section 7, Chapter 351, O.S.L. 2000 (62 O.S. Supp. 2000, Section 866), is amended to read as follows:

Section 866. A. There shall be a written agreement between the governing body and the property owners who are granted tax incentives or exemptions pursuant to Section 860 of this title. The written agreement may include, but shall not be limited to, the following:

1. List the kind, number, and location of all proposed improvements to the property;

2. Provide access to and authorize inspection of the property by city, town or county employees to ensure that the improvements or repairs are made according to the specifications and conditions of the agreement;

3. Limit the uses of the property consistent with the general purpose of encouraging development or redevelopment of the area during the period that the tax incentives or exemptions or the increment financing are in effect;

4. Provide for recapturing the local tax revenue lost as a result of the agreement if the owner of the property fails to make the improvements or repairs as provided by the agreement; and

5. Include any other requirement deemed by the governing body necessary to carry out the agreement.

B. There shall be a written agreement between the governing body and the property owners in historic preservation areas who are granted ad valorem tax exemptions pursuant to subsection D of Section 860 of this title. The written agreement shall include the following:

1. List the location of the property;

2. Provide access to and authorize inspection of the property by city, town or county employees to ensure that the property is being maintained according to the specifications and conditions of the agreement;

3. Limit the uses of the property consistent with the general purpose of encouraging neighborhood commercial preservation of the area during the period that the ad valorem tax exemptions are in effect;

4. Provide for recapturing the ad valorem tax revenue lost as a result of the agreement if the owner of the property fails to maintain the property as provided by the agreement; ~~and~~

5. Specify the time frame of the agreement including whether renewals can occur, at what time such renewals can occur and under what conditions renewals can occur;

6. Specify rehabilitations, preservation efforts and other specific actions that should be taken by the property owners on an individual or collective basis;

7. Provide for reciprocal actions by public entities to protect, enhance and improve the commercial preservation area and the surrounding residential areas served by such districts;

8. Provide review and approval procedures that may be used when usage or ownership of the property changes; and

9. Include any other requirement deemed by the governing body necessary to carry out the agreement.

C. The governing body shall enter into written agreements with active project participants of increment projects. The written agreement may include, but shall not be limited to, the provisions specified in paragraphs 1 through 5 of subsection A of this section.

SECTION 3. This act shall become effective November 1, 2001.

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