

1 ENGROSSED HOUSE AMENDMENT
TO
2 ENGROSSED SENATE BILL NO. 751

By: Bass, Barrington,
Lerblance, Anderson,
3 Garrison and Schulz of
the Senate

4
5 and

6 Armes of the House

7
8 (revenue and taxation - authorizing extension of
9 time limit under Quality Jobs Incentive Leverage
10 Program - Military Base Protection and Expansion
11 Incentive Act - Legislative Intent - definitions -
12 Oklahoma Development Finance Authority - Military
13 Base Protection and Expansion Bond Fund -
14 codification -

15 emergency)
16
17

18 AUTHORS: Add the following House Coauthors: Braddock, Coody,
Dorman and Winchester
19

20 AMENDMENT NO. 1. Strike the stricken title, enacting clause and
entire bill and insert
21

22 "(revenue and taxation - authorizing extension of time
23 limit under Quality Jobs Incentive Leverage Program -
24 Military Base Protection and Expansion Incentive Act -

1 Legislative Intent - definitions - Oklahoma
2 Development Finance Authority - Military Base
3 Protection and Expansion Bond Fund - venture capital
4 tax credits - reporting - codification -
5 emergency)

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

9 SECTION 1. AMENDATORY Section 5, Chapter 299, O.S.L.
10 2002 (68 O.S. Supp. 2006, Section 3655), is amended to read as
11 follows:

12 Section 3655. A. Within sixty (60) days after filing the
13 irrevocable election pursuant to Section ~~§~~ 3658 of this ~~act~~ title,
14 each establishment that has filed such election shall provide to the
15 Oklahoma Development Finance Authority, on such form as may be
16 prescribed by the Authority for this purpose, the total amount of
17 investment and expenditure proposed by the establishment for the
18 modernization or retooling of a facility located within the state
19 owned by the establishment. The full amount of expenditures
20 qualifying for the use of proceeds pursuant to Section ~~4~~ 3654 of
21 this ~~act~~ title shall be made not later than five (5) years from the
22 date as of which the disclosure document required by this subsection
23 is filed; provided, such five-year-time period may be extended by

1 the Oklahoma Department of Commerce if requested by the
2 establishment.

3 B. The Oklahoma Development Finance Authority shall evaluate
4 the information provided pursuant to subsection A of this section in
5 order to determine the total principal amount of the issuance or
6 issuances authorized by subsection A of Section 4 3654 of this ~~act~~
7 title. The total principal amount of any indebtedness issued by the
8 Authority shall not exceed an amount required in order to allow all
9 establishments that have made the disclosure required by subsection
10 A of this section to fully expend proceeds made available to the
11 establishment by the Authority, plus amounts required for repayment
12 of the obligations, if applicable, and the costs of the issuance.

13 SECTION 2. NEW LAW A new section of law to be codified
14 in the Oklahoma Statutes as Section 5062.30 of Title 74, unless
15 there is created a duplication in numbering, reads as follows:

16 Sections 2 through 8 of this act shall be known and may be cited
17 as the "Military Base Protection and Expansion Incentive Act."

18 SECTION 3. NEW LAW A new section of law to be codified
19 in the Oklahoma Statutes as Section 5062.31 of Title 74, unless
20 there is created a duplication in numbering, reads as follows:

21 The Legislature finds:

22 1. It is in the best interest of the State of Oklahoma to
23 ensure the continued location and expansion of established military
24 bases and facilities in this state;

1 2. Growth to political subdivisions as a result of the presence
2 and expansion of military bases and facilities requires improved and
3 expanded municipal and school infrastructure and facilities; and

4 3. Political subdivisions that serve military bases are in
5 critical need of capital improvement projects.

6 SECTION 4. NEW LAW A new section of law to be codified
7 in the Oklahoma Statutes as Section 5062.32 of Title 74, unless
8 there is created a duplication in numbering, reads as follows:

9 As used in the Military Base Protection and Expansion Incentive
10 Act:

11 1. "Authority" means the Oklahoma Development Finance
12 Authority;

13 2. "Capital project" means the acquisition, construction,
14 expansion, replacement, or renovation of a municipal or school
15 district facility, including real property, buildings, and other
16 fixed assets. Capital project shall not include furnishings or
17 equipment that is not a fixed asset; and

18 3. "Political subdivision" means a municipality, school
19 district, or public trust of which a municipality or school district
20 is the beneficiary.

21 SECTION 5. NEW LAW A new section of law to be codified
22 in the Oklahoma Statutes as Section 5062.33 of Title 74, unless
23 there is created a duplication in numbering, reads as follows:

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1 There is hereby created a loan program, the purpose of which is
2 to protect and retain established military bases and facilities and
3 to support additional and expanded employment at such bases and
4 facilities. The program shall provide funding to political
5 subdivisions to finance capital projects needed as a result of
6 growth due to or in connection with an established military base.

7 SECTION 6. NEW LAW A new section of law to be codified
8 in the Oklahoma Statutes as Section 5062.34 of Title 74, unless
9 there is created a duplication in numbering, reads as follows:

10 A. When a political subdivision that is or will be impacted by
11 growth at a military installation, proposes to acquire or construct
12 a capital project, the Oklahoma Development Finance Authority may
13 provide funding for the capital project in the form of loans, lease-
14 purchase agreements, or other forms of indebtedness.

15 B. For the capital projects described in subsection A of this
16 section, the Authority may issue bonds to provide funding:

17 1. To acquire real property, together with improvements
18 thereon;

19 2. To construct buildings and other improvements to real
20 property; and

21 3. To provide repairs, renovations, and improvements to real
22 property and other fixed assets.

23 C. The Authority shall not issue bonds for loans, lease-
24 purchase agreements, or other forms of indebtedness for a political

1 subdivision pursuant to the Military Base Protection and Expansion
2 Incentive Act except upon the certification by the governing body of
3 the political subdivision that the political subdivision has
4 received or will receive an amount sufficient to repay the
5 indebtedness as a result of a voter-approved incentive derived from
6 a tax levy.

7 D. The Authority may hold title to the new real property and
8 improvements and place liens on improved existing real property
9 until such time as any obligations issued for the purpose of the
10 capital project are retired or defeased and may lease the real
11 property and improvements to the political subdivision. Upon final
12 redemption or defeasance of the obligations created pursuant to this
13 section, title to the real property and improvements thereon shall
14 be transferred from the Authority to the political subdivision.

15 E. The Authority may defer principal payments on loans made
16 pursuant to the Military Base Protection and Expansion Incentive Act
17 for a period not to exceed five (5) years.

18 SECTION 7. NEW LAW A new section of law to be codified
19 in the Oklahoma Statutes as Section 5062.35 of Title 74, unless
20 there is created a duplication in numbering, reads as follows:

21 A. It is the intent of the Legislature that sufficient monies
22 to fund the interest payments of any obligations issued by the
23 Authority pursuant to this act during the initial five (5) years of
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1 the obligations be provided by legislative appropriation for deposit
2 in the Military Base Protection and Expansion Bond Fund.

3 B. Upon the completion of the periods, if any, during which
4 principal payments are deferred and during which interest payments
5 are made from the Military Base Protection and Expansion Bond Fund
6 for a political subdivision, the political subdivision shall pay all
7 principal, interest, and other appropriate costs associated with the
8 issuance of the obligations. Payments may be in the form of lease
9 payments to the Authority as described in subsection D of Section 6
10 of this act.

11 SECTION 8. NEW LAW A new section of law to be codified
12 in the Oklahoma Statutes as Section 5062.36 of Title 74, unless
13 there is created a duplication in numbering, reads as follows:

14 A. There is hereby created within the State Treasury a special
15 fund for the Oklahoma Development Finance Authority to be designated
16 as the "Military Base Protection and Expansion Bond Fund." All
17 monies deposited into the fund shall be used and expended by the
18 Authority solely for the purposes specified by the Military Base
19 Protection and Expansion Incentive Act. The Authority shall use the
20 monies in the fund to pay the principal, interest, and other costs
21 associated with the issuance of obligations pursuant to the
22 provisions of the Military Base Protection and Expansion Incentive
23 Act.

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1 B. The Authority may establish separate accounts within the
2 Military Base Protection and Expansion Bond Fund as may be required
3 to separately record transactions involving each political
4 subdivision that applies to participate in the loan program created
5 by this act and to provide for the distribution of monies deposited
6 in the fund.

7 SECTION 9. NEW LAW A new section of law to be codified
8 in the Oklahoma Statutes as Section 2357.65A of Title 68, unless
9 there is created a duplication in numbering, reads as follows:

10 A. As used in this section:

11 1. "Federally regulated investment company" means a qualified
12 small business capital company as defined by Section 2357.61 of
13 Title 68 of the Oklahoma Statutes and that is licensed by the United
14 States Small Business Administration or the United States Department
15 of Agriculture and which qualifies as one of the following types of
16 entities:

- 17 a. a Small Business Investment Company, or
- 18 b. a Specialized Small Business Investment Company, or
- 19 c. a Rural Business Investment Company, or
- 20 d. a Community Development Entity as defined by Section
21 45D of the Internal Revenue Code of 1986, as amended;
22 and

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1 2. "Qualified small business capital company" means an entity
2 meeting the requirements of Section 2357.61 of Title 68 of the
3 Oklahoma Statutes.

4 B. Federally regulated investment companies shall be exempt
5 from the reporting requirements of subsections C and G of Section
6 2357.64 of Title 68 of the Oklahoma Statutes.

7 C. As a condition of the exemption authorized by this section,
8 the federally regulated investment company shall provide to the
9 Oklahoma Tax Commission not later than March 15 each year:

10 1. A copy of the federal license issued by the applicable
11 federal regulatory entity;

12 2. A copy of all reports and compliance documents required by
13 the federal regulators; and

14 3. A copy of the annual financial audit of the federally
15 regulated investment company.

16 D. A federally regulated investment company shall also prepare
17 an annual summary report that discloses:

18 1. All investments made in for-profit business entities during
19 the preceding calendar year;

20 2. The primary business address of each for-profit business
21 entity in which any investment was made;

22 3. A statement of the business activity of each of the for-
23 profit business entities described in paragraphs 1 and 2 of this
24 subsection;

1 4. The type of investment instrument used to make the
2 investment; and

3 5. A status report of all investments made by the federally
4 regulated investment company.

5 E. The federally regulated investment company shall transmit a
6 copy of the annual summary prescribed by subsection D of this
7 section to the committees or subcommittees of the Oklahoma House of
8 Representatives and the Oklahoma State Senate having primary
9 jurisdiction over the Small Business Capital Formation Incentive
10 Act, the State Treasurer, the State Auditor and Inspector, the
11 Director of the Office of State Finance and the Oklahoma Tax
12 Commission.

13 F. The report required by subsection D of this section shall be
14 prepared and submitted until all of the monies available to the
15 federally regulated investment fund have been fully invested, all of
16 the investments have been completed and the proceeds from the
17 investment have been disbursed to the equity investors.

18 SECTION 10. NEW LAW A new section of law to be codified
19 in the Oklahoma Statutes as Section 2357.76A of Title 68, unless
20 there is created a duplication in numbering, reads as follows:

21 A. As used in this section:

22 1. "Federally regulated investment company" means a qualified
23 rural small business capital company as defined by Section 2357.72
24 of Title 68 of the Oklahoma Statutes and that is licensed by the

1 United States Small Business Administration or the United States
2 Department of Agriculture and which qualifies as one of the
3 following types of entities:

- 4 a. a Small Business Investment Company, or
- 5 b. a Specialized Small Business Investment Company, or
- 6 c. a Rural Business Investment Company, or
- 7 d. a Community Development Entity as defined by Section
8 45D of the Internal Revenue Code of 1986, as amended;
9 and

10 2. "Qualified rural small business capital company" means an
11 entity meeting the requirements of Section 2357.72 of Title 68 of
12 the Oklahoma Statutes.

13 B. Federally regulated investment companies shall be exempt
14 from the requirements of subsections C and G of Section 2357.75 of
15 Title 68 of the Oklahoma Statutes.

16 C. As a condition of the exemption authorized by this section,
17 the federally regulated investment company shall provide to the
18 Oklahoma Tax Commission not later than March 15 each year:

19 1. A copy of the federal license issued by the applicable
20 federal regulatory entity;

21 2. A copy of all reports and compliance documents required by
22 the federal regulators; and

23 3. A copy of the annual financial audit of the federally
24 regulated investment company.

1 D. A federally regulated investment company shall also prepare
2 an annual summary report that discloses:

3 1. All investments made in for-profit business entities during
4 the preceding calendar year;

5 2. The primary business address of each for-profit business
6 entity in which any investment was made;

7 3. A statement of the business activity of each of the for-
8 profit business entities described in paragraphs 1 and 2 of this
9 subsection;

10 4. The type of investment instrument used to make the
11 investment; and

12 5. A status report of all investments made by the federally
13 regulated investment company.

14 E. The federally regulated investment company shall transmit a
15 copy of the annual summary prescribed by subsection D of this
16 section to the committees or subcommittees of the Oklahoma House of
17 Representatives and the Oklahoma State Senate having primary
18 jurisdiction over the Rural Venture Capital Formation Incentive Act,
19 the State Treasurer, the State Auditor and Inspector, the Director
20 of the Office of State Finance and the Oklahoma Tax Commission.

21 F. The report required by subsection D of this section shall be
22 prepared and submitted until all of the monies available to the
23 federally regulated investment fund have been fully invested, all of
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