CS for HB 2071

THE HOUSE OF REPRESENTATIVES
Wednesday, March 7, 2007

Committee Substitute for

House Bill No. 2071

COMMITTEE SUBSTITUTE FOR HOUSE BILL NO. 2071 - By: LIEBMANN AND SEARS of the House and CRAIN of the Senate.

(economic development - Oklahoma Quality Events Incentive Act - legislative findings - special event areas – procedures - Quality Events Incentive Revolving Fund – codification - effective date –

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 4301 of Title 68, unless there is created a duplication in numbering, reads as follows:

This act shall be known and may be cited as the "Oklahoma Quality Events Incentive Act".

SECTION 2. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 4302 of Title 68, unless there is created a duplication in numbering, reads as follows:

The Legislature finds that certain special events conducted within the corporate limits of municipalities or conducted in unincorporated areas have a significant economic impact. In order to assist major metropolitan areas with the promotion of such events

and to assist the promoters and organizers of such events with the planning and performance of such events, the Legislature finds that it is in furtherance of an essential governmental function to provide a method by which an eligible municipality or an eligible county may utilize a portion of the state sales tax revenues derived from taxable transactions occurring within a designated area to promote certain qualifying events. The State of Oklahoma has a legitimate interest in economic development related to the occurrence of special events and the Legislature finds that the use of state sales tax revenues authorized by this act provides a method by which the state can compete successfully in a national and global economy against other jurisdictions offering similar incentives for such events.

SECTION 3. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 4303 of Title 68, unless there is created a duplication in numbering, reads as follows:

As used in this act:

1. "Certified sponsor" means an entity or organization, whether organized for profit or nonprofit, incurring expenses for the promotion of a special event to be conducted within the corporate limits of an eligible municipality or within an unincorporated area surrounded by municipally incorporated areas and which is recognized by an eligible municipality or an eligible county, respectively, as the entity authorized to promote and conduct a special event;

2. "Eligible county" means any county of the state;

3. "Eligible municipality" means any incorporated city or town;

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~~Strike thru~~ language denotes deletion from present Statutes.

4. "Incremental sales tax revenues" means the amount of sales tax revenue in excess of the base amount of sales tax revenue established within a special event area for purposes of the computation required by subsection A of Section 6 of this act;

5. "Revenue capture period" means a date no earlier than sixty (60) days prior to the special event date or first day upon which special event activities occur and a date no later than sixty (60) days after the conclusion of the special event date or the last day upon which special event activities occur;

6. "Special event" means an exhibition, a livestock event, an agricultural event, sporting event, trade show, or a meeting of a nationally recognized organization or its members;

7. "Special event area" means that area designated by an eligible municipality or by an eligible county pursuant to Section 4 of this act within the corporate limits of the municipality or in an unincorporated area determined to benefit from the occurrence of a special event, the preparation for the special event, and activity occurring in connection with the dissolution or winding up of a special event;

8. "State sales tax revenue" means a portion of the proceeds from the state sales tax levy imposed pursuant to Section 1354 of Title 68 of the Oklahoma Statutes upon taxable transactions occurring within the special event area during the authorized revenue capture period; and

9. "Vendors" means those persons or business entities making taxable sales of tangible personal property or services within a special event area and unless the context

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otherwise requires shall have the same meaning as defined by Section 1352 of Title 68 of the Oklahoma Statutes.

SECTION 4. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 4304 of Title 68, unless there is created a duplication in numbering, reads as follows:

A. No earlier than one (1) year prior to the initial date of a special event and not later than ninety (90) days prior to the initial date of a special event, an eligible municipality may designate an area within its corporate limits or an eligible county may designate within its unincorporated areas a special event area for purposes of this act.

B. The municipality or county shall notify the Oklahoma Tax Commission on such form as the Tax Commission may prescribe of the precise boundary of the special event area. The municipality or county shall determine the area within the corporate limits or within the unincorporated area constituting the special event area giving consideration to the economic impact of preparation for a special event, the economic activity reasonably associated with activities occurring during the special event, and economic activity that is reasonably associated with the special event after the event has concluded.

C. A municipality may not designate the entire corporate area of the municipality as a special event area for purposes of this act.

D. The municipality or county may take into account the total gross sales made by vendors within the special event area during any period of time during which no special event activity occurs in determining the extent to which the special event will have a

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significant economic impact within the boundary of the special event area. A county or municipality shall determine the base amount of sales tax revenue collected within a special event area in order to allow the computation of incremental sales tax revenues pursuant to subsection A of Section 6 of this act.

E. The municipality or county shall also determine the length of the revenue capture period associated with the special event. The duration of the revenue capture period shall not be greater than the period defined by paragraph 4 of Section 3 of this act.

F. The Tax Commission shall identify all vendors upon which the duty to collect sales tax is imposed pursuant to the Oklahoma Sales Tax Code located or doing business within the special event area designated by the municipality or county. The Tax Commission shall notify the vendors of the impending occurrence of a special event. The Tax Commission shall provide any required instructions to affected vendors relevant to any duties that may be imposed upon the vendors with respect to the collection and remittance of sales tax within the special event area during the revenue capture period.

G. The Tax Commission shall notify the vendors within the designated area of the beginning and ending date for the revenue capture period if necessary to allow the vendor to perform any duties imposed pursuant to the provisions of this act.

H. The Oklahoma Tax Commission may prescribe special forms or prescribe by rule special sales tax reporting procedures applicable to vendors making taxable sales of tangible personal property or services within the designated special event area in order to implement the provisions of this act.

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SECTION 5. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 4305 of Title 68, unless there is created a duplication in numbering, reads as follows:

No proceeds from the levy of any sales tax imposed by a county or a municipality shall be affected by the provisions of this act and the proceeds from any such levy shall be collected and remitted as required by the Oklahoma Sales Tax Code. The distribution of the revenues shall be made in accordance with all applicable requirements of law with respect to such sales tax levies.

SECTION 6. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 4306 of Title 68, unless there is created a duplication in numbering, reads as follows:

A. The Oklahoma Tax Commission shall remit to the Quality Events Incentive Revolving Fund or to a designated account established for a specific municipality or a specific county within such fund fifty percent (50%) of the incremental sales tax revenues derived from the levy of the state sales tax imposed pursuant to Section 1354 of Title 68 of the Oklahoma Statutes collected from vendors making taxable sales within the special event area during an applicable revenue capture period.

B. An eligible municipality or an eligible county shall make application to the Tax Commission for distribution of revenues deposited to the credit of the municipality or the county in connection with a special event. The municipality or county, as applicable, shall be able to use the captured revenues and may transfer such revenues to its general

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fund or such other fund as the municipality or county shall designate in order to promote and support a special event.

C. The Oklahoma Tax Commission shall only transfer sales tax revenues to a county for a special event conducted within a special event area designated by such county.

D. The Oklahoma Tax Commission shall only transfer sales tax revenue to a municipality for a special event conducted within a special event area designated by such municipality.

SECTION 7. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 4307 of Title 68, unless there is created a duplication in numbering, reads as follows:

There is hereby created in the State Treasury a revolving fund for the Oklahoma Tax Commission to be designated the "Quality Events Incentive Revolving Fund". The fund shall be a continuing fund, not subject to fiscal year limitations, and shall consist of all monies received by the Oklahoma Tax Commission from the proceeds of the state sales tax levy as required by this act. All monies accruing to the credit of said fund are hereby appropriated and may be budgeted and expended by the Oklahoma Tax Commission for the purpose of making payments to an eligible municipality or an eligible county. Expenditures from said fund shall be made upon warrants issued by the State Treasurer against claims filed as prescribed by law with the Director of State Finance for approval and payment.

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SECTION 8. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 4308 of Title 68, unless there is created a duplication in numbering, reads as follows:

A. An eligible municipality or an eligible county shall create within its general fund a special trust account for the deposit of sales tax revenues apportioned pursuant to Section 6 of this act.

B. A certified sponsor may make application to an eligible municipality or an eligible county for distribution of revenues in connection with a special event conducted within the applicable special event area and promoted or organized by the certified sponsor.

C. The municipality or county shall determine pursuant to ordinance duly adopted by the governing body of the municipality or by resolution of the county the type of expenses for which distribution of captured revenues may be made to a certified sponsor, including, but not limited to, advertising, facility rental, promotional materials, security or such other expenses as the eligible municipality or eligible county may designate.

SECTION 9. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 4307 of Title 68, unless there is created a duplication in numbering, reads as follows:

An eligible municipality or eligible county shall prescribe procedures for the method by which eligible expenses may be paid, the procedures for documentation of the expenses by the certified sponsor and such other matters as may be required in order to

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provide for the distribution of revenues paid to the municipality or county pursuant to Section 6 of this act.

SECTION 10. This act shall become effective July 1, 2007.

SECTION 11. 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.

COMMITTEE REPORT BY: COMMITTEE ON ECONOMIC DEVELOPMENT AND FINANCIAL SERVICES, dated 03-06-07 - DO PASS, As Amended and Coauthored.

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