

1 STATE OF OKLAHOMA

2 2nd Session of the 51st Legislature (2008)

3 HOUSE BILL 3163

By: Blackwell

4  
5  
6 AS INTRODUCED

7 An Act relating to public finance; requiring certain  
8 governmental entities to report creation of incentive  
9 districts or increment districts to Oklahoma Tax  
10 Commission; prescribing procedures for reporting;  
11 providing for report regarding dissolution of  
12 incentive districts or increment districts; amending  
13 62 O.S. 2001, Section 847, as amended by Section 6,  
14 Chapter 448, O.S.L. 2004 (62 O.S. Supp. 2007, Section  
15 847), which relates to the Oklahoma Local Development  
16 and Enterprise Zone Incentive Leverage Act; modifying  
17 reporting procedures for Oklahoma Tax Commission;  
18 requiring estimate of certain revenue losses;  
19 amending 62 O.S. 2001, Section 861, as amended by  
20 Section 7, Chapter 255, O.S.L. 2003 (62 O.S. Supp.  
21 2007, Section 861), which relates to the Local  
22 Development Act; modifying maximum duration of  
23 apportionment of revenues by certain increment  
24 districts; 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 867.1 of Title 62, unless there  
is created a duplication in numbering, reads as follows:

1       A. Within thirty (30) days after the creation of either an  
2 incentive district or an increment district, the sponsoring  
3 governmental entity shall notify the Oklahoma Tax Commission, upon  
4 such form as the Tax Commission shall prescribe, of the geographic  
5 area where the district is located, a description of any locally  
6 authorized tax incentives, such as property tax exemptions, sales  
7 tax exemptions or for purposes of an increment district, whether  
8 there is or will be indebtedness incurred the repayment of which  
9 will partially or entirely be paid from incremental tax revenues  
10 apportioned for such purpose.

11       B. If an incentive district or increment district is dissolved  
12 or for any reason ceases to be operative, the sponsoring entity  
13 shall notify the Oklahoma Tax Commission within thirty (30) days of  
14 such dissolution or termination upon a form to be prescribed by the  
15 Tax Commission for such purpose.

16       SECTION 2.        AMENDATORY        62 O.S. 2001, Section 847, as  
17 amended by Section 6, Chapter 448, O.S.L. 2004 (62 O.S. Supp. 2007,  
18 Section 847), is amended to read as follows:

19       Section 847. A. The Oklahoma Tax Commission shall maintain a  
20 record of state local enterprise matching payments and state local  
21 government matching payments made pursuant to Section 844 of this  
22 title and a record of income tax credits claimed pursuant to Section  
23 2357.81 of Title 68 of the Oklahoma Statutes. The Oklahoma Tax  
24 Commission shall make an estimate of the annual revenue loss

1 resulting from all matching payments to be made pursuant to Section  
2 844 of this title. The estimate shall be included in any annual  
3 publication of the Tax Commission that summarizes tax expenditures  
4 and shall also be included in the report required by subsection B of  
5 this section.

6 B. The Tax Commission shall prepare a report separately  
7 identifying the amounts described in subsection A of this section  
8 and shall submit the report prior to April 1 each year to the  
9 Governor, the Speaker of the House of Representatives and the  
10 President Pro Tempore of the Senate.

11 SECTION 3. AMENDATORY 62 O.S. 2001, Section 861, as  
12 amended by Section 7, Chapter 255, O.S.L. 2003 (62 O.S. Supp. 2007,  
13 Section 861), is amended to read as follows:

14 Section 861. A. A project plan may contain a provision that  
15 the increments from certain local taxes or fees may be used to  
16 finance project costs in areas qualified under the Local Development  
17 Act. The increment from local taxes or fees levied from and after  
18 the effective date of the approval of such plan shall be apportioned  
19 in the following manner for a period not to exceed twenty-five (25)  
20 years or the period required for payment of project costs, whichever  
21 is less for any indebtedness incurred prior to the effective date of  
22 this act or, with respect to any indebtedness incurred on or after  
23 the effective date of this act, for a period of not to exceed five  
24 (5) years or the period required for payment of project costs,

1 whichever is less; provided, however, that for any increment  
2 district established after November 1, 1992, such time period shall  
3 be tolled for a period of time equal to the pendency of any  
4 litigation directly or indirectly challenging the increment district  
5 or apportionment or disbursement:

6 1. That portion of the ad valorem taxes which are produced by  
7 the levy at the rate fixed each year by or for each such ad valorem  
8 taxing entity upon the base assessed value of the increment district  
9 determined pursuant to Section 862 of this title and as to an area  
10 later added to the increment district, the effective date of the  
11 addition to the increment district, shall be paid to each taxing  
12 entity and all or any portion of local sales taxes, other local  
13 taxes or local fees collected each year which are not subject to  
14 apportionment shall be paid or retained as otherwise provided by  
15 law; and

16 2. All or any portion of:

- 17 a. ad valorem taxes, in excess of such amount specified  
18 in paragraph 1 of this subsection,  
19 b. the increment of local sales taxes, other local taxes  
20 or local fees, or a combination thereof, paid to or  
21 for the benefit of the city, town, or county approving  
22 the plan, and  
23 c. with its consent, evidenced by agreement in writing,  
24 the increment of local sales tax, other local taxes or

1           local fees, or combination thereof, payable to any  
2           other local public taxing entity,  
3 shall be apportioned to, and when collected, shall be paid into an  
4 apportionment fund established for the project pursuant to the  
5 project plan. Such revenues shall be used for the payment of the  
6 project costs and for the payment of the principal of, the interest  
7 on, and any premiums due in connection with the bonds of, loans,  
8 notes, or advances of money to, or indebtedness incurred to finance  
9 project costs, whether funded, refunded, assumed, or otherwise, for  
10 financing, in whole or in part, eligible project costs. Nothing  
11 shall prohibit the increments from being used to directly pay  
12 eligible project costs. When all eligible project costs and such  
13 bonds, loans, advances of money or indebtedness, if any, including  
14 interest thereon and any premiums due in connection with them, have  
15 been paid and the governing body adopts an ordinance or resolution  
16 dissolving the tax apportionment financing, all ad valorem taxes  
17 upon the taxable property within the boundary of such district shall  
18 be paid into the funds of the respective taxing entities.

19           B. If a project plan contains a provision for apportionment as  
20 provided in subsection A of this section, and notwithstanding any  
21 other provision of law to the contrary, the governing body shall  
22 direct in the resolution or ordinance approving the plan which  
23 portion of the increments, including whether any or all, to be paid  
24 into the apportionment fund shall constitute a part of the general

1 fund to be appropriated annually by the governing body, and which  
2 portion, including whether any or all, shall constitute funds of a  
3 public entity authorized to issue tax apportionment bonds or notes  
4 or to incur project costs.

5 C. To the extent that collections exceed project costs and the  
6 provisions for payment of principal and interest along with  
7 sufficient reserves on any bonds issued pursuant to the provisions  
8 of Section 863 of this title, the excess shall be paid into the  
9 funds of the respective taxing entities unless the taxing entity  
10 agrees to some other use of such collections.

11 D. Except as provided in subsection E of this section, for any  
12 year in which taxes or fees are apportioned in the manner specified  
13 in paragraph 2 of subsection A of this section, any increase in  
14 assessed valuation of taxable real property or taxable personal  
15 property within the boundaries of such district in excess of the  
16 base assessed value shall not be considered by any taxing entity in  
17 computing any debt limitation or for any other purpose except for  
18 the levy of taxes and in determining the amount to be apportioned.

19 E. In the event there is a change in the assessment ratio for  
20 ad valorem tax property valuations of property within the boundaries  
21 of an increment district, the portions of valuations for assessment  
22 pursuant to paragraphs 1 and 2 of subsection A of this section shall  
23 be proportionately adjusted in accordance with such reassessment.

24

1 F. Nothing in this section shall be construed as relieving  
2 property in such project area from being assessed as provided in the  
3 Ad Valorem Tax Code of the Oklahoma Statutes, or as relieving owners  
4 of such property from paying a uniform rate of taxes, as required by  
5 Section 5 of Article X of the Oklahoma Constitution.

6 G. If property in an increment district is owned by a public  
7 trust or public entity and is leased for a private use, the lease  
8 shall require the private user to pay ad valorem taxes or an in lieu  
9 ad valorem tax payment, whichever is appropriate, on the value of  
10 the leasehold.

11 SECTION 4. This act shall become effective November 1, 2008.

12

13 51-2-9500 MAH 01/12/08

14

15

16

17

18

19

20

21

22

23

24