

1 STATE OF OKLAHOMA

2 2nd Session of the 52nd Legislature (2010)

3 COMMITTEE SUBSTITUTE
4 FOR

5 SENATE BILL NO. 1284

By: Stanislawski of the Senate

and

(Liebmann) of the House

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9 COMMITTEE SUBSTITUTE

10 An Act relating to economic development; creating the
11 Oklahoma Quality Events Incentive Act; providing
12 short title; making legislative findings; defining
13 terms; providing for designations of quality event
14 areas; prescribing procedures; requiring economic
15 impact study; imposing duties upon Oklahoma Tax
16 Commission; requiring approval or disapproval of
17 economic impact study; requiring assistance by
18 Oklahoma Department of Commerce and Oklahoma
19 Department of Tourism and Recreation; imposing duties
20 upon certain host communities; providing for
21 computation of incremental sales tax revenues;
22 providing for payment of incentives; prohibiting
23 certain payments; providing certain sales tax levies
24 not to be affected; providing for remittance to
Oklahoma Quality Events Incentive Revolving Fund;
creating Oklahoma Quality Events Incentive Revolving
Fund; imposing limitations on expenditures; providing
for promulgation of rules; requiring report;
providing for continuation of Oklahoma Quality Events
Incentive Act; providing for successive periods
during which Oklahoma Quality Events Incentive Act
remains effective; providing for payment of
incentives based upon certain contractual
obligations; providing for codification; and
providing an effective date.

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

2 SECTION 1. NEW LAW A new section of law to be codified
3 in the Oklahoma Statutes as Section 4301 of Title 68, unless there
4 is created a duplication in numbering, reads as follows:

5 Sections 1 through 11 of this act shall be known and may be
6 cited as the "Oklahoma Quality Events Incentive Act" and shall be in
7 effect through June 30, 2015.

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

11 The Legislature finds that certain quality events conducted
12 within the state have a significant economic impact. In order to
13 assist with the promotion of such events and to assist the promoters
14 and organizers of such events with the planning and performance of
15 such events, the Legislature finds that it is in furtherance of an
16 essential governmental function to provide a method by which an
17 eligible municipality or an eligible county may utilize a portion of
18 the state sales tax revenues derived from taxable transactions
19 occurring within a designated area to promote certain qualifying
20 events. The State of Oklahoma has a legitimate interest in economic
21 development related to the occurrence of quality events and the
22 Legislature finds that the use of state sales tax revenues
23 authorized by this act provides a method by which the state can

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1 compete successfully in a national and global economy against other
2 jurisdictions offering similar incentives for such events.

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

6 As used in the Oklahoma Quality Events Incentive Act:

7 1. "Certified sponsor" means an entity or organization
8 authorized to promote and conduct a quality event, which is
9 incurring expenses for the promotion of such event to be conducted
10 within the corporate limits of an eligible municipality or an
11 unincorporated area within a county;

12 2. "Economic impact study" means a study of the geographic area
13 designated by a host community pursuant to Section 4 of this act,
14 which includes:

- 15 a. a description and, if applicable, history of the
16 quality event,
- 17 b. information regarding the site selection process for
18 the quality event,
- 19 c. an estimate of the expenses anticipated to be incurred
20 in connection with hosting the quality event,
- 21 d. an estimate of the total gross sales made by vendors
22 within the designated area during any period of time
23 during which no quality event activity occurs,

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- e. a detailed estimate of the anticipated increase in sales tax revenue directly attributable to the quality event,
- f. the general economic impact likely to occur in the designated area as a result of the preparation for, occurrence of and activity occurring in connection with the dissolution of, a quality event, and
- g. any additional information as the Oklahoma Tax Commission may require;

3. "Eligible local support amounts" means:

- a. any direct payment made by a local government entity or transfer of monies from the general fund or transfer of tax revenues derived from a locally imposed tax to a certified sponsor for the purpose of attracting, promoting, advertising, organizing, conducting or otherwise supporting a quality event, or
- b. any direct payment made by a certified sponsor to a for-profit or nonprofit entity, other than the host community, for the purpose of attracting, promoting, advertising, organizing, conducting or otherwise supporting a quality event;

4. "Host community" means any county, incorporated city or town, or any combination of counties, incorporated cities or towns

1 of the state which are authorized by their respective governing
2 bodies to host or assist in the presentation of a quality event;

3 5. "Incremental sales tax revenue" means the amount of state
4 sales tax revenue generated in excess of the base amount of state
5 sales tax revenue established within a quality event area for
6 purposes of the economic impact study required by subsection C of
7 Section 4 of this act;

8 6. "Quality event" means an event or meeting of a nationally
9 recognized organization or its members which is being located at a
10 site chosen through a competitive site selection process in which at
11 least one site not located in this state was considered;

12 7. "Quality event area" means a geographic area designated by a
13 host community pursuant to Section 4 of this act determined to
14 realize direct economic benefit from the preparation for, occurrence
15 of and activity occurring in connection with the dissolution of, a
16 quality event; provided, the designated area shall never constitute
17 an area greater than twenty (20) miles from any property line of the
18 primary property at which the quality event is located. For
19 purposes of this act the property line shall be based on the legal
20 description or survey of a single location determined by a host
21 community to be the primary property for a quality event area;

22 8. "Revenue capture period" means a time period beginning no
23 earlier than three (3) days prior to the quality event date or the
24 first day upon which quality event activities occur and ending no

1 later than three (3) days after the conclusion of the quality event
2 date or the last day upon which quality event activities occur;

3 9. "State sales tax revenue" means the proceeds from the state
4 sales tax levy imposed pursuant to Section 1354 of Title 68 of the
5 Oklahoma Statutes upon taxable transactions occurring within the
6 quality event area during the authorized revenue capture period; and

7 10. "Vendors" means those persons or business entities making
8 taxable sales of tangible personal property or services within a
9 quality event area and, unless the context otherwise requires, shall
10 have the same meaning as defined by Section 1352 of Title 68 of the
11 Oklahoma Statutes.

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

15 A. Not later than one (1) year prior to the initial date of a
16 quality event, a host community may designate:

17 1. A geographic area designated as a quality event area;

18 2. A length of time as the revenue capture period; and

19 3. The type of expenses eligible for distribution of captured
20 revenues to the host community including, but not limited to,
21 advertising, facility rental, promotional materials and security.

22 B. Any designation made by a host community for purposes of
23 this act shall be made pursuant to an ordinance or resolution duly
24 adopted by the governing body of the host community.

1 C. Within ninety (90) days of the date on which the host
2 community adopts an ordinance or resolution pursuant to subsection B
3 of this section, such host community shall submit to the Oklahoma
4 Tax Commission, on such forms as the Tax Commission may prescribe, a
5 copy of such ordinance or resolution and an economic impact study.

6 D. Within ninety (90) days from the date of receipt of the
7 information from the host community as required by subsection C of
8 this section, the Tax Commission shall approve or disapprove, in
9 whole or in part, the economic impact study for the purposes of this
10 act. In making its determination, the Tax Commission shall consider
11 whether or not the economic impact study contains the elements
12 required in paragraph 2 of Section 3 of this act and whether or not
13 the information provided is validly documented and based on
14 generally accepted economic and statistical standards used for
15 purposes of similar studies. The Oklahoma Department of Commerce
16 and the Oklahoma Tourism and Recreation Department shall provide
17 such assistance and information as requested by the Tax Commission
18 to approve or disapprove an economic impact study.

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

22 A. The host community shall provide to the Oklahoma Tax
23 Commission detailed information disclosing the total amount of
24 eligible local support amounts for purposes of determining the

1 amount of incremental state sales tax revenue that may be paid to a
2 host community in which a quality event occurs.

3 B. The Tax Commission shall verify the amount of eligible local
4 support amounts prior to making any payment to a host community.

5 C. Within ninety (90) days after the conclusion of a quality
6 event, the Tax Commission shall determine the amount of incremental
7 state sales tax revenue remitted by vendors located within the
8 designated quality event area.

9 D. The Tax Commission shall compare the total amount of
10 eligible local support amounts with the total amount of incremental
11 state sales tax revenues remitted by vendors located within the
12 designated quality event area.

13 E. If the Tax Commission determines that the total amount of
14 incremental state sales tax revenues is zero, no payment shall be
15 made to a host community.

16 F. If the Tax Commission determines that the total amount of
17 incremental state sales tax revenues is greater than zero, but less
18 than the total amount of eligible local support amounts, the Tax
19 Commission shall make payment to the host community of the quality
20 event in an amount equal to the incremental state sales tax
21 revenues.

22 G. If the Tax Commission determines that the total amount of
23 incremental state sales tax revenues is at least equal to the amount
24 of eligible local support amounts, the Tax Commission shall make

1 payment to the host community in which the quality event occurs in
2 an amount equal to, but not greater than, the eligible local support
3 amounts.

4 H. No payment shall be made to any host community from a source
5 other than the incremental state sales tax revenues, if any, derived
6 from state sales tax remittances of vendors located within the
7 applicable quality event area.

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

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

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

20 After the conclusion of a quality event for which the Oklahoma
21 Tax Commission has given approval pursuant to subsection D of
22 Section 4 of this act, and within the time limit prescribed by
23 Section 5 of this act, the Tax Commission shall remit to the
24 Oklahoma Quality Events Incentive Revolving Fund the amount of

1 incremental sales tax revenues derived from the levy of the state
2 sales tax imposed pursuant to Section 1354 of Title 68 of the
3 Oklahoma Statutes necessary to make payment to a host community
4 based upon eligible local support payments according to the
5 requirements of Section 5 of this act.

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

9 A. There is hereby created in the State Treasury a revolving
10 fund for the Oklahoma Tax Commission to be designated the "Oklahoma
11 Quality Events Incentive Revolving Fund". The fund shall be a
12 continuing fund, not subject to fiscal year limitations, and shall
13 consist of all monies received by the Tax Commission from the
14 proceeds of the incremental sales tax revenues pursuant to this act.
15 All monies accruing to the credit of said fund are hereby
16 appropriated and may be budgeted and expended by the Tax Commission
17 for the purpose of making distributions to host communities.
18 Expenditures from said fund shall be made upon warrants issued by
19 the State Treasurer against claims filed as prescribed by law with
20 the Director of State Finance for approval and payment.

21 B. Notwithstanding any other provision of this act, the total
22 payments from the Oklahoma Quality Events Incentive Revolving Fund
23 shall not exceed:

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1 1. Two Million Dollars (\$2,000,000.00) for the fiscal year
2 ending June 30, 2013;

3 2. Two Million Five Hundred Thousand Dollars (\$2,500,000.00)
4 for the fiscal year ending June 30, 2014; and

5 3. Three Million Dollars (\$3,000,000.00) for the fiscal year
6 ending June 30, 2015.

7 SECTION 9. NEW LAW A new section of law to be codified
8 in the Oklahoma Statutes as Section 4309 of Title 68, unless there
9 is created a duplication in numbering, reads as follows:

10 The Oklahoma Tax Commission may promulgate such rules as may be
11 necessary to implement the provisions of this act including, but not
12 limited to, any rules governing the accuracy of the economic impact
13 study.

14 SECTION 10. NEW LAW A new section of law to be
15 codified in the Oklahoma Statutes as Section 4310 of Title 68,
16 unless there is created a duplication in numbering, reads as
17 follows:

18 The Executive Director of the Oklahoma Department of Commerce
19 shall make a report to the Governor, the Speaker of the House of
20 Representatives and the President Pro Tempore of the Senate not
21 later than December 1, 2013, and each December 1 thereafter if this
22 act is in force and effect, regarding the effect and impact of the
23 Oklahoma Quality Events Incentive Act.

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1 SECTION 11. NEW LAW A new section of law to be codified
2 in the Oklahoma Statutes as Section 4311 of Title 68, unless there
3 is created a duplication in numbering, reads as follows:

4 A. A county, city or town that enters into any contract,
5 memorandum of understanding or other agreement with a person or
6 lawfully recognized business entity while the Oklahoma Quality
7 Events Incentive Act is in force and effect and in reliance upon the
8 provisions of the Oklahoma Quality Events Incentive Act shall
9 receive the payments provided by this act even if the Oklahoma
10 Quality Events Incentive Act ceases to have the force and effect of
11 law at any time subsequent to the execution of such contract,
12 memorandum of understanding or agreement, including any amendments
13 to such documents if the amendments are incorporated and adopted
14 while the Oklahoma Quality Events Incentive Act is in force and
15 effect.

16 B. Any person or lawfully recognized business entity that
17 enters into a contract, memorandum of understanding or other
18 agreement with another person or lawfully recognized business entity
19 while the Oklahoma Quality Events Incentive Act is in force and
20 effect and in reliance upon the provisions of the Oklahoma Quality
21 Events Incentive Act shall have the right to enforce the terms of
22 such contract, memorandum of understanding or agreement with respect
23 to any amount payable pursuant to the terms of the Oklahoma Quality
24 Events Incentive Act as of the date upon which such contract,

1 memorandum of understanding or agreement is executed, including any
2 amendments to such documents if the amendments are incorporated and
3 adopted while the Oklahoma Quality Events Incentive Act is in force
4 and effect.

5 SECTION 12. This act shall become effective July 1, 2012.

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