

1 STATE OF OKLAHOMA

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

3 CONFERENCE COMMITTEE SUBSTITUTE
4 FOR ENGROSSED

5 SENATE BILL 1284

6 By: Stanislawski of the Senate
7 of the Senate

8 and

9 Liebmann, Hickman and Inman
10 of the House

11 CONFERENCE COMMITTEE SUBSTITUTE

12 An Act relating to economic development; creating the
13 Oklahoma Quality Events Incentive Act; providing
14 short title and setting an expiration date; making
15 legislative findings; defining terms; providing for
16 designations of quality event areas and prescribing
17 procedures relating thereto; requiring economic
18 impact study; imposing duties upon Oklahoma Tax
19 Commission; requiring approval or disapproval of
20 economic impact study; requiring assistance by
21 Oklahoma Department of Commerce and Oklahoma
22 Department of Tourism and Recreation; imposing duties
23 upon certain host communities; providing for
24 computation of incremental sales tax revenues;
providing for payment of incentives; prohibiting
certain payments; providing certain sales tax levies
not to be affected; setting certain limits on
payments for specified years; requiring Tax
Commission to make payments based on certain
conditions; providing for promulgation of rules;
requiring report; providing for continuation of
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 This act shall be known and may be cited as the "Oklahoma
6 Quality Events Incentive Act" and shall be in effect through June
7 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 the Oklahoma Tax Commission may require;

3. "Eligible local support amounts" means:

- a. any 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, with respect to a new
4 event, a comparison of the amount of additional state sales tax
5 revenue, if any, in excess of the amount of state sales tax revenue
6 collected within a quality event area during the same month of the
7 preceding year for purposes of the economic impact study required by
8 Section 4 of this act; or, with respect to a recurring event, a
9 comparison of the amount of additional sales tax revenue, if any, in
10 excess of the calculated average amount of sales tax revenue
11 collected in the quality event area during the preceding year for
12 purposes of the economic impact study required by Section 4 of this
13 act. For purposes of computing the calculated average amount of
14 monthly sales tax revenue collected as required by this paragraph
15 with respect to a recurring event, the Oklahoma Tax Commission shall
16 average total sales tax revenue collected by month but shall exclude
17 revenue collected during the same month or months in a prior year
18 during which the recurring event was conducted and if the event does
19 not occur during the months of November or December, shall also
20 exclude revenue collected during the immediately preceding November
21 and December. The calculated average amount of monthly sales tax
22 revenue shall be used to determine whether a recurring event
23 produces incremental sales tax revenues for purposes of this act;

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1 6. "New event" means a quality event which did not occur within
2 a period of twenty-four (24) months prior to the month during which
3 a quality event is held;

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

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

19 9. "Recurring event" means a quality event which occurred at
20 least once within the twenty-four (24) months prior to the month
21 during which a quality event is held;

22 10. "Revenue capture period" means a time period beginning no
23 earlier than two (2) days prior to the quality event date or the
24 first day upon which quality event occurs and ending no later than

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

3 11. "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 12. "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 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. A host community may only designate one quality event during
2 a single designated revenue capture period for purposes of the
3 payments authorized by this act.

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

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

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

1 A. The host community shall provide to the Oklahoma Tax
2 Commission detailed information disclosing the total amount of
3 eligible local support amounts for purposes of determining the
4 amount of incremental state sales tax revenue that may be paid to a
5 host community in which a quality event occurs.

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

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

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

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

19 F. If the Tax Commission determines that the total amount of
20 incremental state sales tax revenues is greater than zero, but less
21 than the total amount of eligible local support amounts, the Tax
22 Commission shall make payment, subject to the limitations of
23 subsection I of this section, to the host community of the quality
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1 event in an amount equal to the incremental state sales tax
2 revenues.

3 G. If the Tax Commission determines that the total amount of
4 incremental state sales tax revenues is at least equal to the amount
5 of eligible local support amounts, the Tax Commission shall make
6 payment, subject to the limitations of subsection I of this section,
7 to the host community in which the quality event occurs in an amount
8 equal to, but not greater than, the eligible local support amounts.

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

13 I. No payment shall be made to any host community in excess of
14 Two Hundred Fifty Thousand Dollars (\$250,000.00) for a single
15 quality event regardless of the amount of eligible local support
16 paid by the host community.

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

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

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

6 Notwithstanding any other provision of this act, total payments
7 resulting from the provisions of the Oklahoma Quality Events
8 Incentive Act to all host communities shall not exceed:

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

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

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

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

18 After the conclusion of a quality event for which the Oklahoma
19 Tax Commission has given approval pursuant to subsection E of
20 Section 4 of this act, and within the time limit prescribed by
21 Section 5 of this act, the Tax Commission shall utilize the amount
22 of incremental sales tax revenues derived from the levy of the state
23 sales tax imposed pursuant to Section 1354 of Title 68 of the
24 Oklahoma Statutes necessary to make payment to a host community

1 based upon eligible local support payments according to the
2 requirements of Section 5 of this act.

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

6 The Oklahoma Tax Commission may promulgate such rules as may be
7 necessary to implement the provisions of this act including, but not
8 limited to, any rules governing the accuracy of the economic impact
9 study.

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

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

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

22 A. A county, city or town that enters into any contract,
23 memorandum of understanding or other agreement with a person or
24 lawfully recognized business entity while the Oklahoma Quality

1 Events Incentive Act is in force and effect and in reliance upon the
2 provisions of the Oklahoma Quality Events Incentive Act shall
3 receive the payments provided by this act even if the Oklahoma
4 Quality Events Incentive Act ceases to have the force and effect of
5 law at any time subsequent to the execution of such contract,
6 memorandum of understanding or agreement, including any amendments
7 to such documents if the amendments are incorporated and adopted
8 while the Oklahoma Quality Events Incentive Act is in force and
9 effect.

10 B. Any person or lawfully recognized business entity that
11 enters into a contract, memorandum of understanding or other
12 agreement with another person or lawfully recognized business entity
13 while the Oklahoma Quality Events Incentive Act is in force and
14 effect and in reliance upon the provisions of the Oklahoma Quality
15 Events Incentive Act shall have the right to enforce the terms of
16 such contract, memorandum of understanding or agreement with respect
17 to any amount payable pursuant to the terms of the Oklahoma Quality
18 Events Incentive Act as of the date upon which such contract,
19 memorandum of understanding or agreement is executed, including any
20 amendments to such documents if the amendments are incorporated and
21 adopted while the Oklahoma Quality Events Incentive Act is in force
22 and effect.

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

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