

THE HOUSE OF REPRESENTATIVES
Tuesday, April 13, 2010

Committee Substitute for
ENGROSSED
Senate Bill No. 1284

COMMITTEE SUBSTITUTE FOR ENGROSSED SENATE BILL NO. 1284 - By:
STANISLAWSKI of the Senate and LIEBMANN AND HICKMAN of the House.

[economic development - Oklahoma Quality Events Incentive Act -
codification -
effective date]

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

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

4 Sections 1 through 10 of this act shall be known and may be cited as the “Oklahoma
5 Quality Events Incentive Act” and shall be in effect through June 30, 2015.

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

9 The Legislature finds that certain quality events conducted within the state have a
10 significant economic impact. In order to assist with the promotion of such events and to
11 assist the promoters and organizers of such events with the planning and performance of

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

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

13 As used in the Oklahoma Quality Events Incentive Act:

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

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

- 20 a. a description and, if applicable, history of the quality event,
21 b. information regarding the site selection process for the quality event,

- 1 c. an estimate of the expenses anticipated to be incurred in connection
2 with hosting the quality event,
3 d. an estimate of the total gross sales made by vendors within the
4 designated area during any period of time during which no quality
5 event activity occurs,
6 e. a detailed estimate of the anticipated increase in sales tax revenue
7 directly attributable to the quality event,
8 f. the general economic impact likely to occur in the designated area as a
9 result of the preparation for, occurrence of and activity occurring in
10 connection with the dissolution of, a quality event, and
11 g. any additional information as the Oklahoma Tax Commission may
12 require;

13 3. “Eligible local support amounts” means:

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

1 4. "Host community" means any county, incorporated city or town, or any
2 combination of counties, incorporated cities or towns of the state which are authorized by
3 their respective governing bodies to host or assist in the presentation of a quality event;

4 5. "Incremental sales tax revenue" means a comparison of the amount of additional
5 state sales tax 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 preceding year with
7 respect to a new event for purposes of the economic impact study required by subsection
8 D of Section 4 of this act or a comparison of the amount of additional sales tax revenue, if
9 any, in excess of the calculated average amount of sales tax revenue collected in the
10 quality event area during the same month in the preceding year with respect to a
11 recurring event for purposes of the economic impact study required by subsection D of
12 Section 4 of this act. For purposes of computing sales tax collections as required by this
13 paragraph with respect to a recurring event, the Oklahoma Tax Commission shall
14 eliminate the month or months during which a recurring event was conducted in a prior
15 year and determine the average monthly state sales tax collections using the remaining
16 months of that year. Such average monthly sales tax collection figure shall be used to
17 determine whether a recurring event produces incremental sales tax revenues for
18 purposes of this act;

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

1 7. “Quality event” means a new event or meeting of a nationally recognized
2 organization or its members which is being located at a site chosen through a competitive
3 site selection process in which at least one site not located in this state was considered;

4 8. “Quality event area” means a geographic area designated by a host community
5 pursuant to Section 4 of this act determined to realize direct economic benefit from the
6 preparation for, occurrence of and activity occurring in connection with the dissolution of,
7 a quality event; provided, the designated area shall never constitute an area greater than
8 seven (7) miles from any property line of the primary property at which the quality event
9 is located. For purposes of this act the property line shall be based on the legal
10 description or survey of a single location determined by a host community to be the
11 primary property for a quality event area;

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

14 10. “Revenue capture period” means a time period beginning no earlier than three
15 (3) days prior to the quality event date or the first day upon which quality event
16 activities occur and ending no later than three (3) days after the conclusion of the quality
17 event date or the last day upon which quality event activities occur;

18 11. “State sales tax revenue” means the proceeds from the state sales tax levy
19 imposed pursuant to Section 1354 of Title 68 of the Oklahoma Statutes upon taxable
20 transactions occurring within the quality event area during the authorized revenue
21 capture period; and

1 12. “Vendors” means those persons or business entities making taxable sales of
2 tangible personal property or services within a quality event area and, unless the context
3 otherwise requires, shall have the same meaning as defined by Section 1352 of Title 68 of
4 the Oklahoma Statutes.

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

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

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

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

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

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

18 C. A host community may only designate one quality event within a quality event
19 area for purposes of the payments authorized by this act.

20 D. Within ninety (90) days of the date on which the host community adopts an
21 ordinance or resolution pursuant to subsection B of this section, such host community

1 shall submit to the Oklahoma Tax Commission, on such forms as the Tax Commission
2 may prescribe, a copy of such ordinance or resolution and an economic impact study.

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

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

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

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

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

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

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

9 F. If the Tax Commission determines that the total amount of incremental state
10 sales tax revenues is greater than zero, but less than the total amount of eligible local
11 support amounts, the Tax Commission shall make payment to the host community of the
12 quality event in an amount equal to the incremental state sales tax revenues.

13 G. If the Tax Commission determines that the total amount of incremental state
14 sales tax revenues is at least equal to the amount of eligible local support amounts, the
15 Tax Commission shall make payment to the host community in which the quality event
16 occurs in an amount equal to, but not greater than, the eligible local support amounts.

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

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

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

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

9 After the conclusion of a quality event for which the Oklahoma Tax Commission has
10 given approval pursuant to subsection E of Section 4 of this act, and within the time limit
11 prescribed by Section 5 of this act, the Tax Commission shall utilize the amount of
12 incremental sales tax revenues derived from the levy of the state sales tax imposed
13 pursuant to Section 1354 of Title 68 of the Oklahoma Statutes necessary to make
14 payment to a host community based upon eligible local support payments according to
15 the requirements of Section 5 of this act.

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

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

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

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

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

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

21 B. Any person or lawfully recognized business entity that enters into a contract,
22 memorandum of understanding or other agreement with another person or lawfully

1 recognized business entity while the Oklahoma Quality Events Incentive Act is in force
2 and effect and in reliance upon the provisions of the Oklahoma Quality Events Incentive
3 Act shall have the right to enforce the terms of such contract, memorandum of
4 understanding or agreement with respect to any amount payable pursuant to the terms
5 of the Oklahoma Quality Events Incentive Act as of the date upon which such contract,
6 memorandum of understanding or agreement is executed, including any amendments to
7 such documents if the amendments are incorporated and adopted while the Oklahoma
8 Quality Events Incentive Act is in force and effect.

9 SECTION 11. This act shall become effective July 1, 2012.

10 COMMITTEE REPORT BY: COMMITTEE ON APPROPRIATIONS AND BUDGET,
11 dated 04-12-10 - DO PASS, As Amended and Coauthored.