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THE STATE SENATE
Thursday, February 18, 2010

Committee Substitute for
Senate Bill No. 1284

COMMITTEE SUBSTITUTE FOR SENATE BILL NO. 1284 - By: Stanislawski of the Senate and Liebmann of the House.

[economic development - Oklahoma Quality Events Incentive Act - codification - 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 4301 of Title 68, unless there is created a duplication in numbering, reads as follows:

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

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 quality events conducted within the state have a significant economic impact. In order to assist 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

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

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

13 As used in the Oklahoma Quality Events Incentive Act:

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

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

22 a. a description and, if applicable, history of the
23 quality event,

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

17 3. "Eligible local support amounts" means:

- 18 a. any direct payment made by a local government entity
- 19 or transfer of monies from the general fund or
- 20 transfer of tax revenues derived from a locally
- 21 imposed tax to a certified sponsor for the purpose of
- 22 attracting, promoting, advertising, organizing,
- 23 conducting or otherwise supporting a quality event, or

1 b. any direct payment made by a certified sponsor to a
2 for-profit or nonprofit entity, other than the host
3 community, for the purpose of attracting, promoting,
4 advertising, organizing, conducting or otherwise
5 supporting a quality event;

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

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

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

19 7. "Quality event area" means a geographic area designated by a
20 host community pursuant to Section 4 of this act determined to
21 realize direct economic benefit from the preparation for, occurrence
22 of and activity occurring in connection with the dissolution of, a
23 quality event; provided, the designated area shall never constitute

1 an area greater than twenty (20) miles from any property line of the
2 primary property at which the quality event is located. For
3 purposes of this act the property line shall be based on the legal
4 description or survey of a single location determined by a host
5 community to be the primary property for a quality event area;

6 8. "Revenue capture period" means a time period beginning no
7 earlier than three (3) days prior to the quality event date or the
8 first day upon which quality event activities occur and ending no
9 later than three (3) days after the conclusion of the quality event
10 date or the last day upon which quality event activities occur;

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

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

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

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

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

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

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

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

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

16 D. Within ninety (90) days from the date of receipt of the
17 information from the host community as required by subsection C of
18 this section, the Tax Commission shall approve or disapprove, in
19 whole or in part, the economic impact study for the purposes of this
20 act. In making its determination, the Tax Commission shall consider
21 whether or not the economic impact study contains the elements
22 required in paragraph 2 of Section 3 of this act and whether or not
23 the information provided is validly documented and based on

1 generally accepted economic and statistical standards used for
2 purposes of similar studies. The Oklahoma Department of Commerce
3 and the Oklahoma Tourism and Recreation Department shall provide
4 such assistance and information as requested by the Tax Commission
5 to approve or disapprove an economic impact study.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

21 A. A county, city or town that enters into any contract,
22 memorandum of understanding or other agreement with a person or
23 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.

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

1 COMMITTEE REPORT BY: COMMITTEE ON FINANCE, dated 2-16-10 - DO PASS,
2 As Amended and Coauthored.