

BILL SUMMARY
1st Session of the 55th Legislature

Bill No.:	HB 2182
Version:	Introduced
Request Number:	5593
Author:	Speaker Hickman
Date:	2/18/2015
Impact:	\$0 Immediate

Research Analysis

Introduced HB2182 establishes the Incentive Evaluation Act. The measure creates the Incentive Evaluation Committee which is tasked with developing evaluation criteria for each state incentive and a schedule for evaluating the incentives. The measure further creates the Incentive Approval Committee as a subcommittee of the Incentive Evaluation Committee. Incentive is defined as a tax credit, exemption, deduction, expenditure, rebate, grant or loan that is intended to encourage businesses to locate, expand, invest or remain Oklahoma, including hiring or retaining employees in Oklahoma.

The committee may contract with a private company, nonprofit or academic institution to assist with evaluating each incentive at the expense of the Office of Management and Enterprise Services. The measure establishes the following deadlines for the committee beginning in 2016 and each year thereafter:

By January 1, the commission must develop a four-year schedule for evaluating incentives and present the schedule to the Governor, President Pro Tempore and Speaker.

-By November 1, the commission or its chosen contractor must begin evaluation of the incentives scheduled for review in consultation with the Research and Economic Analysis Services division of the Oklahoma Department of Commerce. The evaluation must include an:

- estimate of the economic and fiscal impact of the incentive;
- assessment of whether adequate protections are in place to ensure the fiscal impact does not increase substantially beyond the state's expectation in future years;
- assessment of whether the incentive is being administered effectively;
- assessment of whether the incentive is achieving its goals;
- recommendations for how the state can effectively achieve the incentive goals, with recommendations on whether to retain, amend or repeal the incentive; and
- recommendations for any changes to state policy, rules or statutes to allow incentives to be better evaluated in the future.

-Between November 1 and November 30, the commission must hold at least one public meeting to vote to approve or disapprove an evaluated incentive and allow for public comment.

-By December 15, the commission must provide a report on the results of each incentive evaluated to the Governor, President Pro Tempore and Speaker and publish the report on documents.ok.gov.

Prepared By: Quyen Do

Fiscal Analysis

HB 2182, as introduced, establishes the Incentive Evaluation Act, provisions of which include an Incentive Evaluation Commission to evaluate tax incentives, staff and administrative support from the Office of Management and Enterprise Services, assistance from the Oklahoma Department of Commerce, the Oklahoma Tax Commission, and the Office of the State Treasurer, and the ability for the Commission to contract with a private entity to assist in incentive evaluations. Language regarding private contracts is permissive and therefore does not immediately impact state revenues- but such costs would depend on the scope of services as determined by the Commission.

Prepared By: Nicole McPhetridge

Other Considerations

None.