ENGROSSED HOUSE
BILL NO. 2351

By: Osborn (Leslie), Wallace and West (Josh) of the House

and

David and Fields of the Senate

An Act relating to ad valorem tax; authorizing specified facilities to delay start of ad valorem exemption period under specified circumstances; establishing requirements for, and limitations on, delay of exemption period; providing procedures and assigning duties related to implementation of delay; establishing beginning date for exemption period; excluding certain facilities from qualification for delay; providing for codification; and providing an 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 2902.5 of Title 68, unless there is created a duplication in numbering, reads as follows:

A. Notwithstanding any other provision of law, manufacturing facilities applying for the exemption under Section 2902 of Title 68 of the Oklahoma Statutes on or after November 1, 2017, shall be eligible to delay the five-year period of exemption from ad valorem taxes following the expiration or termination of the ad valorem exemption, abatement or other incentive provided through the tax incentive district established pursuant to the Local Development Act. For the purposes of this section, "exemption" shall mean the exemption authorized by Section 6B of Article X of the Oklahoma Constitution and Section 2902 of Title 68 of the Oklahoma Statutes.

B. In order to delay the exemption as provided in this section, a manufacturing facility shall:

1. Create at least one hundred new jobs at the state index wage provided for in paragraph 2 of subsection F of Section 3604 of Title 68 of the Oklahoma Statutes; and

2. Invest at least ten (10) times the investment cost in new depreciable property required in paragraph 1 of subsection B of Section 2902 of Title 68 of the Oklahoma Statutes.

C. The delay of the exemption shall not be available for any job creation or investment of new depreciable property that occurred prior to November 1, 2017, or the date of the creation of the tax incentive district, whichever is later.

D. In order to delay the exemption, a tax incentive district must be created pursuant to the Local Development Act and the governing body established by the Local Development Act must notify the Oklahoma Tax Commission and the Oklahoma Department of Commerce at the time of applying for the exemption.

E. Prior to the investment and job creation activities required pursuant to subsection B of this section commencing by the company or companies in the tax incentive district, the governing body of the tax incentive district shall notify the Oklahoma Department of Commerce in writing of the creation of the tax incentive district. The governing body of the tax incentive district shall provide to the Oklahoma Department of Commerce the following information:

1. Company (or companies) name and contact information;

2. Complete description of the economic development activity including projected new job creation, projected wages of the new jobs, and planned investment in new depreciable property; and

3. Any other information requested by the Oklahoma Department of Commerce.

The Oklahoma Department of Commerce, in conjunction with the Oklahoma Tax Commission, shall conduct a fiscal and economic impact of the proposed project. If the project has no adverse fiscal impact and a positive economic impact, the project will be referred to the Incentive Approval Committee created in subsection B of Section 3603 of Title 68 of the Oklahoma Statutes for review of the project. If the Incentive Approval Committee approves the project for delay of the exemption, the Oklahoma Department of Commerce shall prepare a contract between the Oklahoma Department of Commerce, on behalf of the State of Oklahoma, and the company or companies that will be awarded a delay of the exemption. Once the contract is executed by the parties, the contract will be forwarded to the Oklahoma Tax Commission. The Oklahoma Tax Commission shall be responsible for monitoring the terms and conditions of the contract between the Oklahoma Department of Commerce and the company or companies that have been awarded a delay of the exemption.

F. If the application for an exemption is approved, the five-year period of exemption from ad valorem taxes for any qualifying manufacturing facility shall begin on January 1 following the expiration or termination of the ad valorem exemption, abatement or other incentive provided through the tax incentive district.

G. This section shall not apply to electric power generation facilities. Electric power generation facilities shall not qualify to delay the exemption from ad valorem taxes following the expiration or termination of the ad valorem exemption, abatement or other incentive provided through the tax incentive district pursuant to the Local Development Act.

SECTION 2. This act shall become effective November 1, 2017.

Passed the House of Representatives the 11th day of May, 2017.

Presiding Officer of the House of Representatives

Passed the Senate the ___ day of __________, 2017.

Presiding Officer of the Senate