

1 **HOUSE OF REPRESENTATIVES - FLOOR VERSION**

2 STATE OF OKLAHOMA

3 1st Session of the 56th Legislature (2017)

4 COMMITTEE SUBSTITUTE
5 FOR
6 HOUSE BILL NO. 2351

By: Osborn (Leslie) and Wallace
of the House

and

David and Fields of the
Senate

11 COMMITTEE SUBSTITUTE

12 An Act relating to ad valorem tax; authorizing
13 specified facilities to delay start of ad valorem
14 exemption period under specified circumstances;
15 establishing requirements for, and limitations on,
16 delay of exemption period; providing procedures and
17 assigning duties related to implementation of delay;
18 establishing beginning date for exemption period;
19 excluding certain facilities from qualification for
20 delay; providing for codification; and providing an
21 effective date.

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

23 SECTION 1. NEW LAW A new section of law to be codified
24 in the Oklahoma Statutes as Section 2902.5 of Title 68, unless there
25 is created a duplication in numbering, reads as follows:

26 A. Notwithstanding any other provision of law, manufacturing
27 facilities applying for the exemption under Section 2902 of Title 68

1 of the Oklahoma Statutes on or after November 1, 2017, shall be
2 eligible to delay the five-year period of exemption from ad valorem
3 taxes following the expiration or termination of the ad valorem
4 exemption, abatement or other incentive provided through the tax
5 incentive district established pursuant to the Local Development
6 Act. For the purposes of this section, "exemption" shall mean the
7 exemption authorized by Section 6B of Article X of the Oklahoma
8 Constitution and Section 2902 of Title 68 of the Oklahoma Statutes.

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

11 1. Create at least one hundred new jobs at the state index wage
12 provided for in paragraph 2 of subsection F of Section 3604 of Title
13 68 of the Oklahoma Statutes; and

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

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

21 D. In order to delay the exemption, a tax incentive district
22 must be created pursuant to the Local Development Act and the
23 governing body established by the Local Development Act must notify
24

1 the Oklahoma Tax Commission and the Oklahoma Department of Commerce
2 at the time of applying for the exemption.

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

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

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

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

16 The Oklahoma Department of Commerce, in conjunction with the
17 Oklahoma Tax Commission, shall conduct a fiscal and economic impact
18 of the proposed project. If the project has no adverse fiscal
19 impact and a positive economic impact, the project will be referred
20 to the Incentive Approval Committee created in subsection B of
21 Section 3603 of Title 68 of the Oklahoma Statutes for review of the
22 project. If the Incentive Approval Committee approves the project
23 for delay of the exemption, the Oklahoma Department of Commerce
24 shall prepare a contract between the Oklahoma Department of

1 Commerce, on behalf of the State of Oklahoma, and the company or
2 companies that will be awarded a delay of the exemption. Once the
3 contract is executed by the parties, the contract will be forwarded
4 to the Oklahoma Tax Commission. The Oklahoma Tax Commission shall
5 be responsible for monitoring the terms and conditions of the
6 contract between the Oklahoma Department of Commerce and the
7 companies who have been awarded a delay of the exemption.

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

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

19 SECTION 2. This act shall become effective November 1, 2017.
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21 COMMITTEE REPORT BY: COMMITTEE ON JOINT COMMITTEE ON APPROPRIATIONS
22 AND BUDGET, dated 05/08/2017 - DO PASS, As Amended.
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