

1 **HOUSE OF REPRESENTATIVES - FLOOR VERSION**

2 STATE OF OKLAHOMA

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

4 ENGROSSED SENATE
5 BILL NO. 154

 By: Dugger of the Senate

 and

 Babinec of the House

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10 An Act relating to the Incentive Evaluation Act;
11 amending Section 5, Chapter 184, O.S.L. 2015 (62 O.S.
12 Supp. 2016, Section 7005), which relates to
13 evaluation procedures; expanding actions which may be
14 taken by Incentive Evaluation Commission; and
15 requiring certain information be included in report.

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

17 SECTION 1. AMENDATORY Section 5, Chapter 184, O.S.L.
18 2015 (62 O.S. Supp. 2016, Section 7005), is amended to read as
19 follows:

20 Section 7005. A. The Commission may contract with a private
21 company, nonprofit, or academic institution to assist with
22 evaluation of each incentive. The Commission shall develop a scope
23 of services for a request for proposals issued pursuant to The
24 Oklahoma Central Purchasing Act, Section 85.1 et seq. of Title 74 of

1 the Oklahoma Statutes, for professional services necessary to
2 complete incentive evaluations pursuant to the Incentive Evaluation
3 Act. The cost of such contract shall be paid by the Office of
4 Management and Enterprise Services. No recipient or potential
5 recipient of an incentive or representative of a recipient or
6 potential recipient shall contact the entity or individual with whom
7 the Commission contracts pursuant to this subsection unless the
8 entity or individual specifically requests information or
9 documentation for purposes of the incentive evaluation process;
10 provided, this shall not be construed to prevent participation in a
11 public hearing conducted pursuant to subsection B of this section.

12 B. By November 1 of each year beginning in 2016, the Commission
13 or the Commission's chosen contractor shall evaluate each incentive
14 scheduled for review that year. The Commission or the Commission's
15 chosen contractor shall conduct each incentive evaluation in
16 consultation with the Oklahoma Department of Commerce division of
17 Research and Economic Analysis Services using criteria developed
18 pursuant to subsection D of this section. Between ~~November~~ October
19 1 and November 30 of each year beginning in ~~2016~~ 2017, the
20 Commission shall hold at least one public meeting to review, allow
21 for public comment, and vote to approve ~~or~~, disapprove or modify
22 each incentive evaluation conducted that year. By December 15 of
23 each year beginning in 2016, the Commission shall provide the
24 results of each incentive evaluation in a written report to the

1 Governor, President Pro Tempore of the Senate and Speaker of the
2 House of Representatives. If the Commission votes to modify an
3 incentive evaluation as provided in this subsection, such
4 modification and the original evaluation shall be documented in the
5 annual written report. The report shall be made publicly available
6 on the Oklahoma Department of Commerce website, the Commission
7 website and documents.ok.gov.

8 C. Each evaluation shall include the following:

9 1. An estimate of the economic and fiscal impact of the
10 incentive. This estimate shall take into account the following
11 considerations in addition to other relevant factors:

12 a. the extent to which the incentive changes business
13 behavior,

14 b. the results of the incentive for the economy of
15 Oklahoma as a whole. This consideration includes both
16 positive direct and indirect impacts and any negative
17 effects on other Oklahoma businesses, and

18 c. a comparison to the results of other incentives or
19 other economic development strategies with similar
20 goals;

21 2. An assessment of whether adequate protections are in place
22 to ensure the fiscal impact of the incentive does not increase
23 substantially beyond the state's expectations in future years;

1 3. An assessment of whether the incentive is being administered
2 effectively;

3 4. An assessment of whether the incentive is achieving its
4 goals;

5 5. Recommendations for how Oklahoma can most effectively
6 achieve the incentive's goals, including recommendations on whether
7 the incentive should be retained, reconfigured or repealed; and

8 6. Recommendations for any changes to state policy, rules, or
9 statutes that would allow the incentive to be more easily or
10 conclusively evaluated in the future. These recommendations may
11 include changes to collection, reporting and sharing of data, and
12 revisions or clarifications to the goal of the incentive.

13 D. Evaluation criteria shall be developed for each incentive
14 evaluated by the Commission. Each incentive shall be evaluated
15 using criteria specific to the individual incentive. The criteria
16 shall be developed by the Commission through the administrative
17 rulemaking process pursuant to the Administrative Procedures Act,
18 Section 250 et seq. of Title 75 of the Oklahoma Statutes, and
19 codified in the administrative code of the Oklahoma Department of
20 Commerce.

21 E. At the request of the Incentive Evaluation Commission, state
22 agencies shall provide any records, information, data, or data
23 analysis necessary for the Commission or contractors to effectively
24 evaluate incentives. The Commission and contractors shall not

1 disclose or release any data received from other state agencies,
2 except as permitted under law.

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4 COMMITTEE REPORT BY: COMMITTEE ON APPROPRIATIONS AND BUDGET, dated
5 04/17/2017 - DO PASS.

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