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April 12, 2017

COMMITTEE SUBSTITUTE
FOR ENGROSSED
HOUSE BILL NO. 1532

By: Montgomery of the House

and

Thompson and Bergstrom of
the Senate

COMMITTEE SUBSTITUTE

[public finance - Incentive Evaluation Act -
criteria for evaluation of incentives - effective
date]

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

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

Section 7005. A. The Incentive Evaluation Commission may contract with a private company, nonprofit, or academic institution to assist with evaluation of each incentive. The Commission shall develop a scope of services for a request for proposals issued pursuant to The Oklahoma Central Purchasing Act, Section 85.1 et seq. of Title 74 of the Oklahoma Statutes, for professional services necessary to complete incentive evaluations pursuant to the

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

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

1 The report shall be made publicly available on the Oklahoma
2 Department of Commerce website and documents.ok.gov.

3 C. Each evaluation shall include the following:

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

7 a. the extent to which the incentive changes business
8 behavior,

9 b. the results of the incentive for the economy of
10 Oklahoma as a whole. This consideration includes both
11 positive direct and indirect impacts and any negative
12 effects on other Oklahoma businesses, and

13 c. a comparison to the results of other incentives or
14 other economic development strategies with similar
15 goals;

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

19 3. An assessment of whether the incentive is being administered
20 effectively;

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

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

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

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

16 Evaluation criteria developed as required by this subsection may
17 include requirements for analysis of the salaries and other forms of
18 compensation paid to employees of the business entity which benefits
19 from an incentive. The information may include salary ranges for
20 the employees of the business entity and may separately identify
21 other forms of compensation for the employees of the business
22 entity. The evaluation criteria may include the number of jobs
23 either created or retained as a result of the incentive and a
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1 computation of the average salary paid to employees whose jobs were
2 either created or retained as a result of the incentive.

3 E. At the request of the Incentive Evaluation Commission, state
4 agencies shall provide any records, information, data, or data
5 analysis necessary for the Commission or contractors to effectively
6 evaluate incentives. The Commission and contractors shall not
7 disclose or release any data received from other state agencies,
8 except as permitted under law.

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

10 COMMITTEE REPORT BY: COMMITTEE ON APPROPRIATIONS
11 April 12, 2017 - DO PASS AS AMENDED
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