

1 **SENATE FLOOR VERSION**

2 April 11, 2018

3 **AS AMENDED**

4 ENGROSSED HOUSE

5 BILL NO. 1568

6 By: Echols of the House

7 and

8 Thompson of the Senate

9 **[revenue and taxation - Department of Commerce to**
10 **enter into certain negotiations - codification -**
11 **effective date]**

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

13 SECTION 1. NEW LAW A new section of law to be codified
14 in the Oklahoma Statutes as Section 2357.901 of Title 68, unless
15 there is created a duplication in numbering, reads as follows:

16 A. The State of Oklahoma, through the Oklahoma Department of
17 Commerce, shall establish a program that allows existing tax credits
18 to be repurchased from owners of the outstanding credits to reduce
19 the debt burden of the state.

20 B. Under the program, the Department of Commerce may enter into
21 agreements for the purchase of tax credits as authorized by this
22 section. Tax credits owned by a taxpayer company may be repurchased
23 by the State of Oklahoma if such an agreement is in the best
24 interest of the state and when the cost of repurchase of the credits

1 is determined to be less than the benefit to the state through the
2 resulting reinvestment of a negotiated percentage of the payment by
3 the state to the owner of the tax credits as defined in subsection C
4 of this section. Payments by the state to owners of the tax credits
5 can be made in one (1) or over multiple years, depending on the
6 terms of the agreement. Neither the state nor the owner of the tax
7 credits shall have any obligation to the other if an agreement is
8 not reached. The final approval for any tax credit purchase
9 agreement shall be subject to the availability of funds appropriated
10 by the Legislature.

11 C. The Department of Commerce shall require that the agreement
12 negotiated between the tax credit owner and the Department of
13 Commerce be beneficial to the interests of the State of Oklahoma and
14 its citizens through increased investment by the owner of the tax
15 credits in facilities, equipment and job creation resulting from the
16 use of some or all of the proceeds received for the cancellation of
17 tax credits pursuant to the terms of the agreement.

18 D. No agreement shall be finalized unless the estimated direct
19 state benefits resulting from the agreement exceed the estimated
20 direct state costs. As used in this subsection, "estimated direct
21 state benefits" means the revenues projected to accrue to the state
22 as a result of new direct jobs or investment, additional tax
23 revenues and the savings achieved through the purchase of
24 outstanding but unclaimed tax credits. As used in this subsection,

1 "estimated direct state costs" means the price paid to the owner of
2 the tax credits for the credits which are surrendered and canceled
3 pursuant to the terms of the agreement.

4 E. Within thirty (30) days of the finalization of any agreement
5 for the repurchase of tax credits authorized by the provisions of
6 this section, the former owner of the tax credits shall notify the
7 Oklahoma Tax Commission on such form as the Commission may prescribe
8 for that purpose, of the identity of the taxpayer, the type of tax
9 credit, the total amount of tax credits, including any carryover
10 credits, and such other information as the Tax Commission may
11 require so that the tax credits repurchased cannot be used to reduce
12 any future tax liability of the taxpayer or its successors in
13 interest. The approved agreement between the tax credits owner and
14 the state shall also be filed with the Commission.

15 F. The owner selling the tax credits to the State of Oklahoma
16 shall file with the state on a yearly basis documenting the benefits
17 to the state as defined in the agreement signed by the taxpayer and
18 the Department of Commerce. The information required by this
19 subsection shall be filed on a form prescribed by the Department of
20 Commerce for such purpose not later than March 15 each year related
21 to the economic benefits for the preceding calendar year.

22 G. If the former owner of the credits does not fulfill the
23 terms of the approved agreement, the state may require the return of
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1 funds equal to the percentage of the agreement which was not
2 completed by the former owner of the credits.

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

4 COMMITTEE REPORT BY: COMMITTEE ON APPROPRIATIONS
5 April 11, 2018 - DO PASS AS AMENDED
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