

Bill Summary
1st Session of the 57th Legislature

Bill No.:	SB 749
Version:	INT
Request No.:	1161
Author:	Sen. Rader
Date:	01/29/2019

Bill Analysis

SB 749 defines “federal government defense entities” and “Public-Private Partner Development Pool” in the Oklahoma Community Economic Development Pooled Finance Act. The measure authorizes the Oklahoma Development Finance Authority act as a conduit issuer for local government entities in conjunction with one or more for-profit business entities and/or federal government defense entities for an authorized infrastructure development project using the Public-Private Partner Development Pool. Obligations issued by the Authority may not exceed the authorized, combined Economic Development Pool and Infrastructure Development Pool amount.

Sixty-five percent of the net proceeds from the Public-Private Partner Development Pool must be used by the Authority for the benefit of eligible local government entities. The population of participating municipalities may not exceed 300,000. Thirty-five percent of the proceeds may be directed to any municipality regardless of population. The Oklahoma Department of Commerce is directed to oversee the program, maintain a prioritized list of eligible infrastructure projects, and score projects to be financed from the proceeds of obligations issued by the Authority. The method to score a project is outlined in the measure.

An eligible government entity must obtain a determination from the Department that a project will result in a net-positive benefit. The local government entity shall be allowed to capture withholding taxes associated with new jobs or existing jobs associated with the participating for-profit business entities if the determination by the Department shows that such an action will result in a net-positive benefit. The Oklahoma Tax Commission shall determine the withholding taxes attributable to the income of employees. Businesses participating in the program will no longer be eligible incentive payments associated with the Oklahoma Quality Jobs Program Act or claim investment tax credits.

Prepared by: Kalen Taylor

OKLAHOMA TAX COMMISSION

**REVENUE IMPACT STATEMENT
FIRST REGULAR SESSION, FIFTY-SEVENTH OKLAHOMA LEGISLATURE**

DATE OF IMPACT STATEMENT: February 9, 2019

BILL NUMBER: SB 749 **STATUS AND DATE OF BILL:** Introduced

AUTHORS: House n/a Senate Rader

TAX TYPE (S): Income Tax **SUBJECT:** Administrative

PROPOSAL: Amendatory and New Law

SB 749 proposes to amend Section 891.3 of Title 62 which relates to the definitions for the Oklahoma Community Economic Development Pooled Finance Act. Section 5 of this proposed measure relates to the Tax Commission's determination as to the capture and amount of withholding taxes attributable to the income of employees engaged in new direct jobs or existing jobs of business entities participating in a pooled financing pursuant to the Public-Private Partner Development Pool.

EFFECTIVE DATE: November 1, 2019

REVENUE IMPACT:

Insert dollar amount (plus or minus) of the expected change in state revenues due to this proposed legislation.

FY 20: -0-

FY 21: -0-

Feb. 9, 2019
DATE

Rick Miller
DIVISION DIRECTOR

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2-9-2019
DATE

Huan Gong
HUAN GONG, ECONOMIST

2-9-19
DATE

Jon M. T.
FOR THE COMMISSION

**The estimated revenue impact provided herein is an estimate of the potential impact on the collection or apportionment of tax revenues affected by the proposed legislation. It is not intended to be an estimate of the overall fiscal impact on the state budget if the proposed legislation is enacted.*

ATTACHMENT TO REVENUE IMPACT – SB 749 [Introduced] Prepared February 9, 2019

SB 749 proposes to amend Section 891.3 of Title 62 which relates to the definitions for the Oklahoma Community Economic Development Pooled Finance Act. Section 5 of this proposed measure relates to the Tax Commission's determination as to the capture and amount of withholding taxes attributable to the income of employees engaged in new direct jobs or existing jobs of business entities participating in a pooled financing pursuant to the Public-Private Partner Development Pool.

Section 1 proposes to amend Section 891.3 of Title 62 by adding the definition of "Federal government defense entities" and "Public-Private Partner Development Pool". "Federal government defense entities" means U.S. Department of Defense installations in the State of Oklahoma including Fort Sill, Tinker Air Force Base, Altus Air Force Base, Vance Air Force Base and McAlester Army Ammunition Plant. "Public-Private Partner Development Pool" means proceeds of obligations sold by the Oklahoma Development Finance Authority to provide resources for eligible local government entities to provide financing for infrastructure in conjunction with for-profit business entities and federal government defense entities or any other purpose authorized by this act. The proceeds from the Public-Private Partner Development Pool shall be for the purpose of providing financing for an eligible local government entity for an authorized infrastructure project located in this state that will benefit one or more business entities located in this state.

Section 5 proposes new law related to the Tax Commission's determination as to the capture and amount of withholding taxes attributable to the income of employees engaged in new direct jobs or existing jobs of business entities participating in a pooled financing pursuant to the Public-Private Partner Development Pool.

Any for-profit business entity that participates in the Public-Private Partner Development Pool may be required by the applicable local government entity to enter into such agreements as may be required between the entity, the local government entity, the Oklahoma Development Finance Authority (Authority) and the Oklahoma Tax Commission to provide for the segregation of withholding taxes. No for-profit business entity that participates from proceeds of obligation issued by the Authority from the Public-Private Partner Development Pool may receive or continue to receive incentive payments pursuant to Economic Development Pool, the Oklahoma Quality Jobs Program Act or claim any investment tax credits pursuant to Section 2357.4 of Title 68 (Tax Credit for Investments). For-profit business entities that participate in the Public-Private Partner Development Pool will not be subject to corporate income tax associated with the segregation and payment of withholding taxes to local government entities when such payment is made for the purpose of infrastructure development.

The Tax Commission shall determine with respect to the withholding taxes attributable to the income of employees engaged in new direct jobs or existing jobs for one or more for-profit business entities participating in a pooled financing pursuant to the Oklahoma Community Economic Development Pooled Finance Act the amount of such withholding taxes required to be deposited to the credit of the Community Economic Development Pooled Finance Revolving Fund. The Tax Commission shall make a deposit in the Community Economic Development Pooled Finance Revolving Fund in accordance with any applicable agreement entered into with one or more eligible local government entities in conjunction with participating for-profit business entities participating in a pooled financing pursuant to the Oklahoma Community Economic Development Pooled Finance Act.

No revenue impact on state revenues is expected due to this proposed legislation.