

**Fiscal Impact**  
2<sup>nd</sup> Session of the 57<sup>th</sup> Legislature

**Bill No.:**  
**Version:**  
**Author:**  
**Date:**

**SB 1240**  
**INT**  
**Sen. Bergstrom**  
**02/11/2020**

**OKLAHOMA TAX COMMISSION**

REVENUE IMPACT STATEMENT  
SECOND REGULAR SESSION, FIFTY-SEVENTH OKLAHOMA LEGISLATURE

**DATE OF IMPACT STATEMENT:** February 8, 2020

**BILL NUMBER:** SB 1240 **STATUS AND DATE OF BILL:** Introduced 1/9/2020

**AUTHORS:** House n/a Senate Bergstrom

**TAX TYPE (S):** Sales tax

**SUBJECT:** Oklahoma Local Development and Enterprise Zone Incentive Leverage Ac

**PROPOSAL:** Amended

SB 1240 modifies the Oklahoma Local Development and Enterprise Zone Incentive Leverage Act (62 O.S. § 840 et seq.) as follows:

- Section 1: Requires the Oklahoma Department of Commerce to report to the Tax Commission data collected by Commerce on employment, capital investment, changes in assessed value and other impacts resulting from payments to successful applicants.
- Section 2: Requires the Tax Commission to include on its annual report to the Governor, the Speaker of the House of Representatives and the President Pro Tempore of the Senate the data reported to the Tax Commission by the Department of Commerce.

**EFFECTIVE DATE:** November 1, 2020

**REVENUE IMPACT:**

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

FY 21: None  
FY 22: None

<u>Feb. 8, 2020</u> DATE	<u><i>Rick Miller</i></u> DIVISION DIRECTOR	lrh
<u>2/8/2020</u> DATE	<u><i>Huan Gong</i></u> HUAN GONG, ECONOMIST	
<u>2/10/2020</u> DATE	<u><i>[Signature]</i></u> FOR THE COMMISSION	

*The 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 1240 [INTRODUCED] Prepared 2/8/20**

The Oklahoma Local Development and Enterprise Zone Incentive Leverage Act (62 O.S. § 840 et. al), provides funding for local governments to match local tax revenue dedicated to support economic development projects. This program, uses a portion of State taxes levied and collected to pay local enterprise and local government incentive claims and is intended to be fiscally neutral to the State. Eligible projects must be located entirely in an enterprise zone, in support of a major tourism destination or in support of a military growth impact.

The Tax Commission's primary responsibility related to the program is payment of incentives to the qualified businesses and public entities.

*Local Enterprise Matching Payments*

- Businesses must obtain a certification (provided by the governing body of the local government creating the incentive district) stating that the business qualifies for the sales tax exemption. The local government provides a copy of the certification to the Tax Commission.
- As revenue associated with the project is generated, the local government transfers funds to the TIF district, which in turn remits those funds to the Tax Commission. For local enterprise matching payments, the Tax Commission makes a payment to the business equal to the amount of sales tax that is certified as exempt.

*Local Government Matching Payments*

- Local governments provide the Tax Commission with a certification that the local government has created a tax increment district which qualifies for matching payments.
- After the local government provides the certification, the Tax Commission makes payment to the public entity in an amount equal to the lesser of (1) the certified amount of the local sales taxes apportioned during the previous 6 months; or (2) the estimated net direct state benefits.

SB 1240 modifies the Oklahoma Local Development and Enterprise Zone Incentive Leverage Act (62 O.S. § 840 et seq) as follows:

- Section 1: Requires the Oklahoma Department of Commerce to report to the Tax Commission data collected by Commerce on employment, capital investment, changes in assessed value and other impacts resulting from payments to successful applicants.
- Section 2: Requires the Tax Commission to include on its annual report to the Governor, the Speaker of the House of Representatives and the President Pro Tempore of the Senate the data reported to the Tax Commission by the Department of Commerce.

No change in revenue is expected as a result of this proposal.