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February 23, 2021

SENATE BILL NO. 431

By: Thompson of the Senate

and

Boatman of the House

An Act relating to economic development; amending 68 O.S. 2011, Sections 4301, 4303, 4304 and 4305, as last amended by Sections 1, 2, 3 and 4, Chapter 201, O.S.L. 2018 (68 O.S. Supp. 2020, Sections 4301, 4303, 4304 and 4305), which relate to the Oklahoma Quality Events Incentive Act; modifying term of act; modifying definitions; modifying date a community may designate certain event; modifying date required to submit certain form; requiring submission of economic impact study; requiring verification by the Oklahoma Tax Commission; and declaring an emergency.

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

SECTION 1. AMENDATORY 68 O.S. 2011, Section 4301, as last amended by Section 1, Chapter 201, O.S.L. 2018 (68 O.S. Supp. 2020, Section 4301), is amended to read as follows:

Section 4301. This act shall be known and may be cited as the "Oklahoma Quality Events Incentive Act" and shall be in effect through ~~June 30, 2021~~ June 30, 2026.

1 SECTION 2. AMENDATORY 68 O.S. 2011, Section 4303, as
2 last amended by Section 2, Chapter 201, O.S.L. 2018 (68 O.S. Supp.
3 2020, Section 4303), is amended to read as follows:

4 Section 4303. As used in the Oklahoma Quality Events Incentive
5 Act:

6 1. "Certified sponsor" means an entity or organization
7 authorized to promote and conduct a quality event, which is
8 incurring expenses for the promotion of such event to be conducted
9 within the corporate limits of an eligible municipality or an
10 unincorporated area within a county;

11 2. "Economic impact study" means a study which includes:

- 12 a. a description and, if applicable, the event history as
13 defined in paragraph 4 of this section of the quality
14 event,
- 15 b. information regarding the site selection process for
16 the quality event,
- 17 c. an estimate of the expenses anticipated to be incurred
18 in connection with hosting the quality event,
- 19 d. an estimate of the total gross sales made by vendors
20 during any period of time during which no quality
21 event activity occurs,
- 22 e. a detailed estimate of the anticipated increase in
23 sales tax revenue directly attributable to the quality
24 event,

- 1 f. the general economic impact likely to occur as a
2 result of the preparation for, occurrence of and
3 activity occurring in connection with the dissolution
4 of a quality event, and
5 g. any additional information the Oklahoma Tax Commission
6 may require for verification of the study pursuant to
7 paragraph 6 of this section;

8 3. "Eligible local support amounts" means:

- 9 a. any payment made by a local government entity or
10 transfer of monies from the general fund or transfer
11 of tax revenues derived from a locally imposed tax to
12 a certified sponsor for the purpose of attracting,
13 promoting, advertising, organizing, conducting or
14 otherwise supporting a quality event, or
15 b. any direct payment made by a certified sponsor to a
16 for-profit or nonprofit entity, other than the host
17 community, for the purpose of attracting, promoting,
18 advertising, organizing, conducting or otherwise
19 supporting a quality event;

20 ~~3.~~ 4. "Event history" means:

- 21 a. historical information on the event including past
22 locations of the event,
23 b. a description of previous attempts by the host
24 community to secure the event,

1 c. information regarding attempts by other communities to
2 recruit the event, and

3 d. if applicable, the competitive bidding process for
4 securing the event by the host community;

5 ~~4.~~ 5. "Host community" means any county, incorporated city or
6 town, or any combination of counties, incorporated cities or towns
7 of the state which are authorized by their respective governing
8 bodies to host or assist in the presentation of a quality event;

9 ~~5.~~ 6. "Incremental sales tax revenue" means the amount of
10 additional state sales tax revenue collected as a result of the
11 quality event, as determined by an economic impact study verified by
12 the Oklahoma Tax Commission ~~based on actual documentation~~;

13 ~~6.~~ 7. "New event" means a quality event which did not occur
14 within a period of twenty-four (24) months prior to the month during
15 which a quality event is held;

16 ~~7.~~ 8. "Quality event" means:

17 a. a new event or a meeting of a nationally recognized
18 organization or its members,

19 b. a new or existing event that is a national,
20 international or world championship, or

21 c. a new or existing event that is managed or produced by
22 an Oklahoma-based national or international
23 organization;
24

1 ~~8.~~ 9. "Recurring event" means a quality event which occurred at
2 least once within the twenty-four (24) months prior to the month
3 during which a quality event is held;

4 ~~9.~~ 10. "State sales tax revenue" means the proceeds from the
5 state sales tax levy imposed pursuant to Section 1354 of this title
6 upon taxable transactions occurring as a result of the quality
7 event, as determined by an economic impact study verified by the
8 Oklahoma Tax Commission ~~based on actual documentation~~; and

9 ~~10.~~ 11. "Vendors" means those persons or business entities
10 making taxable sales of tangible personal property or services as a
11 result of the quality event, as determined by an economic impact
12 study verified by the Oklahoma Tax Commission ~~based on actual~~
13 ~~documentation~~ and, unless the context otherwise requires, shall have
14 the same meaning as defined by Section 1352 of this title.

15 SECTION 3. AMENDATORY 68 O.S. 2011, Section 4304, as
16 last amended by Section 3, Chapter 201, O.S.L. 2018 (68 O.S. Supp.
17 2020, Section 4304), is amended to read as follows:

18 Section 4304. A. Not later than ~~six (6) months~~ thirty (30)
19 days prior to the initial date of a quality event, a host community
20 may designate:

- 21 1. The dates during which a quality event will be hosted; and
- 22 2. The type of expenses eligible for distribution of captured
23 revenues to the host community including, but not limited to,
24 advertising, facility rental, promotional materials and security.

1 B. Any designation made by a host community for purposes of the
2 Oklahoma Quality Events Incentive Act shall be made pursuant to an
3 ordinance or resolution duly adopted by the governing body of the
4 host community.

5 C. A host community may only designate one quality event during
6 the time frame in which a designated quality event will occur.

7 D. Within ~~thirty (30) days~~ sixty (60) days of the date on which
8 the host community adopts an ordinance or resolution pursuant to
9 subsection A of this section, such host community shall submit to
10 the Oklahoma Tax Commission, on such forms as the Tax Commission may
11 prescribe, a copy of such ordinance or resolution and ~~the event~~
12 ~~history~~ an economic impact study. The Oklahoma Tax Commission shall
13 designate a single employee or division responsible for processing
14 information, making determinations and any other duties related to
15 the Oklahoma Quality Events Incentive Act.

16 E. Within sixty (60) days from the date of receipt of the
17 information from the host community as required by subsection D of
18 this section, the Tax Commission shall approve or disapprove, in
19 whole or in part, the submission and analysis of the required
20 information. The Oklahoma Department of Commerce and the Oklahoma
21 Tourism and Recreation Department shall provide such assistance and
22 information as requested by the Tax Commission.

1 SECTION 4. AMENDATORY 68 O.S. 2011, Section 4305, as
2 last amended by Section 4, Chapter 201, O.S.L. 2018 (68 O.S. Supp.
3 2020, Section 4305), is amended to read as follows:

4 Section 4305. A. The host community shall provide to the
5 Oklahoma Tax Commission detailed information disclosing the total
6 amount of eligible local support amounts for purposes of determining
7 the amount of incremental state sales tax revenue that may be paid
8 to a host community in which a quality event occurs.

9 B. The Tax Commission shall verify the amount of eligible local
10 support amounts prior to making any payment to a host community.

11 C. After the conclusion of an event, the host community shall
12 provide information related to the event, such as attendance
13 figures, financial information or other public information held by
14 the host community that the Tax Commission considers necessary to
15 evaluate the actual economic impact of the event.

16 D. The Tax Commission shall compare the total amount of
17 eligible local support amounts with the total amount of incremental
18 state sales tax revenues remitted by vendors, such revenues to be
19 established ~~based on actual documentation~~ through the economic
20 impact study.

21 E. If the Tax Commission determines through an analysis of the
22 ~~actual documentation~~ economic impact study that the total amount of
23 incremental state sales tax revenues is zero, no payment shall be
24 made to a host community.

1 F. If the Tax Commission determines through an analysis of the
2 ~~actual documentation~~ economic impact study that the total amount of
3 incremental state sales tax revenues is greater than zero, but less
4 than the total amount of eligible local support amounts, the Tax
5 Commission shall make payment, subject to the limitations of
6 subsection I of this section, to the host community of the quality
7 event in an amount equal to the incremental state sales tax
8 revenues.

9 G. If the Tax Commission determines through an analysis of the
10 ~~actual documentation~~ economic impact study that the total amount of
11 incremental state sales tax revenues is at least equal to the amount
12 of eligible local support amounts, the Tax Commission shall make
13 payment, subject to the limitations of subsection I of this section,
14 to the host community in which the quality event occurs in an amount
15 equal to, but not greater than, the eligible local support amounts.

16 H. No payment shall be made to any host community from a source
17 other than the incremental state sales tax revenues, if any, derived
18 from state sales tax remittances of vendors as a result of the
19 quality event, as determined by an economic impact study verified by
20 the Oklahoma Tax Commission.

21 I. No payment shall be made to any host community in excess of
22 Two Hundred Fifty Thousand Dollars (\$250,000.00) for a single
23 quality event regardless of the amount of eligible local support
24 paid by the host community.

SECTION 5. It being immediately necessary for the preservation
of the public peace, health or safety, an emergency is hereby
declared to exist, by reason whereof this act shall take effect and
be in full force from and after its passage and approval.

COMMITTEE REPORT BY: COMMITTEE ON FINANCE
February 23, 2021 - DO PASS