

BILL SUMMARY
1st Session of the 58th Legislature

Bill No.:	SB 609
Version:	Floor Amendment
Request Number:	8179
Author:	Hilbert
Date:	4/21/2021
Impact:	Please see previous summary of this measure

Research Analysis

The second proposed committee substitute for SB 609 removes the requirement to include certain items in an ordinance or resolution upon approval of a project plan under the Local Development Act. The measure also provides that incentives or exemptions for data processing businesses are granted for a period not to exceed 25 years.

Additionally, the measure modifies the definition of *manufacturing facilities* to include custom order manufacturing, as well as facilities that have an investment cost of at least \$500,000 with respect to assets placed into service during calendar year 2022. For subsequent years, the investment required shall be increased annually based on the Consumer Price Index-All Urban Consumers (CPI-U), which is to be determined by the Oklahoma Department of Commerce by January 1 of each year and published on the website of the Oklahoma Tax Commission. The measure also adjusts certain average wage requirements for entities applying for exemptions.

The measure also modifies the definition of *facility* and *facilities* to specify that the land, buildings, structures and improvements must be used directly and exclusively in the manufacturing process. Effective January 1, 2022, and for each calendar year thereafter, for establishments with a manufacturer exemption permit and facilities engaged in manufacturing activities classified in the NAICS Manual under Industry numbers 311111 through 339999, *facility* and *facilities* also includes machinery, fixtures, equipment and other personal property used directly and exclusively in the manufacturing process.

The measure provides that data processing businesses can apply for exemptions for assets placed in service not later than December 31, 2021. Such businesses that have been granted an exemption for personal property at any time within five years prior to the effective date of the measure can apply for exemptions for personal property if such property is placed in service in pre-existing buildings no later than December 31, 2036. The measure also specifies how properties qualifying for the exemption shall be valued and assessed.

Lastly, the measure strikes obsolete language regarding base payroll requirements.

Modifications Contained in Floor Substitute

The floor substitute for SB 609 provides that entities applying for property exemption on or after January 1, 2023, must pay new direct jobs an average annualized wage that equals or exceeds the average wage requirement in the Oklahoma Quality Jobs Program Act. That application date was previously January 1, 2022. Additionally, the floor substitute provides that it shall not be necessary for the establishment to qualify for incentive payments pursuant to the Act, but the establishment shall be subject to the wage requirements with respect to new direct jobs in order to qualify for the exemption.

Prepared By: Emily McPherson

Fiscal Analysis

The measure is currently under review and impact information will be completed.

Prepared By: Mark Tygret

Other Considerations

None.