

STATE OF OKLAHOMA

1st Session of the 59th Legislature (2023)

COMMITTEE SUBSTITUTE  
FOR

SENATE BILL NO. 317

By: Pemberton of the Senate

and

Sneed of the House

COMMITTEE SUBSTITUTE

An Act relating to development incentives; amending  
62 O.S. 2021, Section 860, which relates to the Local  
Development Act; requiring the governing body to  
submit an annual report for certain districts;  
providing date for submission; prescribing  
information to be included in report; and providing  
an effective date.

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

SECTION 1. AMENDATORY 62 O.S. 2021, Section 860, is  
amended to read as follows:

Section 860. A. A project plan may contain a provision that  
certain local taxes may be subject to incentives or may be exempted  
in reinvestment areas, historic preservation areas or enterprise  
areas.

B. The governing body may grant incentives or exemptions from  
local taxation only on the new investment made. No ad valorem tax

1 incentives or exemptions may be granted on the value of property  
2 which has been assessed or which is subject to assessment prior to  
3 the adoption of the project plan. No ad valorem tax incentives or  
4 exemptions authorized in this section may be granted for retail  
5 establishments. If a retail establishment is located in property  
6 which otherwise qualifies for an incentive or exemption pursuant to  
7 this section, the incentive or exemption shall not be allowed for  
8 that portion of the property used for such retail establishment. As  
9 used in this subsection, "retail establishment" shall not include an  
10 establishment that provides lodging including but not limited to a  
11 hotel, apartment hotel, public rooming house, or motel. No ad  
12 valorem tax incentives or exemptions authorized in this section may  
13 be granted if the property is located in an increment district or as  
14 long as the property is subject to the ad valorem tax exemption for  
15 new or expanding manufacturing facilities as authorized by Section  
16 6B of Article X of the Oklahoma Constitution. In the event of  
17 disposition by lease or sublease to a lessee not entitled to an ad  
18 valorem tax exemption, the improvements placed thereon shall not be  
19 entitled to an ad valorem tax exemption provided for in Section 850  
20 et seq. of this title. Except as otherwise provided by this  
21 subsection, the incentives, or exemptions, which may be full or  
22 partial, may be granted for a period not to exceed five (5) years.  
23 With respect to an establishment, the business of which is described  
24 by U.S. Industry Number 518210 of the North American Industry

1 Classification System (NAICS) Manual, 2017 revision, such incentives  
2 or exemptions may be granted for a period not to exceed twenty-five  
3 (25) years.

4 C. No incentives or exemptions may be granted to any business  
5 or firm that is relocating from within the state and is subject to  
6 or in the process of recruitment by two or more governmental  
7 entities within the state unless the governmental entity in which  
8 the business or firm does not locate adopts a resolution giving  
9 their approval to the granting of incentives or exemptions to the  
10 business or firm locating in the competing governmental entity. No  
11 incentives or exemptions may be granted to an out-of-state business  
12 or firm that is subject to or in the process of recruitment by two  
13 or more governmental entities within the state except as otherwise  
14 provided for in this subsection. The prohibition against incentives  
15 or exemptions to a business or firm relocating within the state may  
16 be waived upon application by the governing body to, and approval  
17 of, the Director of the Oklahoma Department of Commerce. In order  
18 for the Director to approve the waiver, the Director must find that  
19 the incentives or exemptions are necessary and sufficient to attract  
20 the business or firm and that the benefits generated by the business  
21 location outweigh the costs of the business location.

22 D. A project plan may contain a provision that ad valorem taxes  
23 may be exempted in a commercial historic preservation area that is  
24 adjacent to and serves designated historical residential areas for

1 neighborhood commercial preservation purposes in order for the  
2 neighborhood to retain its basic character and scale. No ad valorem  
3 tax exemption may be granted on the value of property which has been  
4 assessed or which is subject to assessment prior to the adoption of  
5 the project plan. No ad valorem tax exemption shall be granted  
6 pursuant to the provisions of this subsection for single-family  
7 residences. The governing body may grant the exemption only on the  
8 increase in value of the property. The exemptions may be granted  
9 for a specific period of time as determined by a written agreement  
10 between the property owners of the area and the governing body and  
11 may be renewed. Uses of the property eligible for this exemption  
12 may include but not be limited to commercial, office, or multifamily  
13 residential use.

14 E. For increment districts in operation for nine (9) months or  
15 more, on or before the ninetieth day following the end of each  
16 fiscal year, the governing body of a city, town, or county shall  
17 submit a report to the Oklahoma Department of Commerce. The  
18 Department shall provide a copy of the report to any member of the  
19 public upon request. The disclosure report shall include the  
20 following information:

21 1. The amount and source of revenue captured and apportioned  
22 pursuant to the project plan;

23 2. The amount and purpose of expenditures;  
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1       3. The amount of principal and interest due on outstanding  
2 bonded indebtedness;

3       4. The tax increment base and current captured appraised value  
4 or the other local tax or fee collections retained by the area;

5       5. The captured appraised value or the other local tax or fee  
6 collections shared by the city, town, or county and other taxing  
7 entities, the total amount of tax increments received, and any  
8 additional information necessary to demonstrate compliance with the  
9 plan adopted by the city, town, or county;

10       6. The name of the person who is currently in charge of the  
11 implementation of the plan; and

12       7. The names of the persons who have disclosed an interest as  
13 required pursuant to Section 857 of this title and the interest  
14 disclosed.

15       F. For those incentive districts in operation for nine (9)  
16 months or more, on or before the ninetieth day following the end of  
17 each fiscal year, the governing body of a city, town, or county  
18 shall submit a report to the Oklahoma Department of Commerce. The  
19 Department shall provide a copy of the report shall to any member of  
20 the public upon request. The disclosure report shall include the  
21 following information:

22       1. The parties receiving incentives or exemptions;

23       2. A general description of the property and the improvements  
24 to be made;

1        3. The portion and fair market value of the property to be  
2 exempted or that portion of the local taxes to be subject to  
3 incentives or to be exempted;

4        4. The duration of the incentives or exemptions;

5        5. Any additional information necessary to demonstrate  
6 compliance with the tax incentives or exemptions;

7        6. The name of the person who is currently in charge of the  
8 implementation of the plan; and

9        7. The names of the persons who have disclosed an interest as  
10 required pursuant to Section 857 of this title and the interest  
11 disclosed.

12        SECTION 2. This act shall become effective November 1, 2023.

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