

1 ENGROSSED SENATE
2 BILL NO. 2017

By: Rader of the Senate

3 and

4 Sims of the House

5
6 An Act relating to development incentives; amending
7 62 O.S. 2021, Section 842, which relates to the
8 Oklahoma Local Development and Enterprise Zone
9 Incentive Leverage Act; prescribing reporting
10 requirements; requiring the Oklahoma Department of
11 Commerce to make certain reported information
12 available; updating statutory reference; and
13 providing an effective date.

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

15 SECTION 1. AMENDATORY 62 O.S. 2021, Section 842, is
16 amended to read as follows:

17 Section 842. A. An enterprise which locates its facility
18 within an enterprise zone or which expands its existing facility
19 after the designation of an enterprise zone as authorized by law and
20 which is located in an incentive district as authorized pursuant to
21 the provisions of the Local Development Act shall be eligible for
22 the state local enterprise matching payment authorized pursuant to
23 subsection A of Section 844 of this title.

24 B. 1. A local governmental entity which approves a project
plan pursuant to the provisions of the Local Development Act within
an enterprise zone or in support of a major tourism destination

1 project which the local governmental entity determines is likely to
2 significantly benefit contiguous or nearby enterprise zone census
3 tracts shall be eligible for the state local government matching
4 payment authorized pursuant to subsection D of Section 844 of this
5 title; provided, no state local government matching payment shall be
6 made for project costs in relation to:

- 7 a. any gambling establishment, or
- 8 b. any development within a project plan that provides
9 for more than fifty percent (50%) of the net leasable
10 space of such development to be used for retail
11 purposes except for such portions of a development
12 which includes grocery or specialty food store
13 enterprises defined under NAICS Manual Industry Group
14 No. 4451 or 4452 that provide healthy nutrition
15 options including fresh fruits, vegetables, whole
16 grains, seeds, nuts and healthy protein and that
17 improve access within one-half (1/2) mile of any low
18 income and low access geographies identified by the
19 United States Department of Agriculture.

20 State local government matching payments shall not be used to
21 supplant local revenue currently being expended within the increment
22 district boundaries.

23 2. In order to be eligible for state local government matching
24 payments for approving a project within an enterprise zone, a local

1 governmental entity shall provide to the Oklahoma Department of
2 Commerce as part of the application provided for in subsection J of
3 this section:

- 4 a. an estimate of incremental revenues likely to be
5 derived from the project, and
- 6 b. certification that all projects described within the
7 related project plan will generate, in the aggregate,
8 a minimum of either One Million Dollars
9 (\$1,000,000.00) in payroll, exclusive of payroll for
10 construction, or Five Million Dollars (\$5,000,000.00)
11 in investment.

12 3. In order to be eligible for state local government matching
13 payments in support of a major tourism destination project, a local
14 governmental entity shall provide to the Oklahoma Department of
15 Commerce as part of the application provided for in subsection ~~J~~ K
16 of this section:

- 17 a. an estimate of incremental revenues new to the state
18 likely to be derived from the project,
- 19 b. certification that the major tourism destination meets
20 the applicable criteria described in paragraph 12 of
21 Section 841 of this title, and
- 22 c. an agreement to provide payment to the Oklahoma
23 Department of Commerce to defray the costs of the
24 study required by paragraph 4 of this subsection.

1 4. To determine if a project qualifies as a major tourism
2 destination project pursuant to subparagraph b of paragraph 12 of
3 Section 841 of this title and to assist in other required
4 determinations, the Oklahoma Department of Commerce shall cause a
5 market and feasibility study to be conducted by an independent
6 consultant with experience in the conduct of such studies. Upon
7 review of the feasibility report, the Oklahoma Department of
8 Commerce shall make its finding as to the reasonable probability
9 that the proposed project is a major tourism destination project as
10 provided in subparagraph b of paragraph 12 of Section 841 of this
11 title.

12 C. For purposes of the Oklahoma Local Development and
13 Enterprise Zone Incentive Leverage Act, an enterprise engaged in a
14 retail activity, where otherwise prohibited by the Oklahoma
15 Enterprise Zone Act for purposes of the benefits and incentives
16 extended pursuant to the Oklahoma Enterprise Zone Act, shall be
17 considered an eligible enterprise for purposes of the state local
18 enterprise matching payment authorized by the Oklahoma Local
19 Development and Enterprise Zone Incentive Leverage Act.

20 D. The maximum amount of state local enterprise matching
21 payments for an enterprise per fiscal year shall not exceed Two
22 Hundred Thousand Dollars (\$200,000.00).

23 E. Except as provided in subsection H of this section, for
24 purposes of the Oklahoma Local Development and Enterprise Zone

1 Incentive Leverage Act, the maximum amount of aggregate investment
2 in all qualifying facilities located in any single county which can
3 qualify for a state local enterprise matching payment pursuant to
4 subsection A of Section 844 of this title shall be computed for each
5 county of the state by multiplying Two Hundred Dollars (\$200.00)
6 times the population of the county according to the most recent
7 estimate provided by the United States Bureau of the Census prior to
8 the date an application is made.

9 F. The computation required by subsection E of this section
10 shall be the maximum amount of aggregated investment qualifying for
11 the purposes of all enterprises for the duration of the Oklahoma
12 Local Development and Enterprise Zone Incentive Leverage Act.

13 G. The aggregate investment limit for all facilities located
14 within a county which may qualify for the state local enterprise
15 matching payments pursuant to subsection A of Section 844 of this
16 title shall:

17 1. Not be less than Twenty Million Dollars (\$20,000,000.00) for
18 counties with a population of less than one hundred thousand
19 (100,000) persons; and

20 2. Not be greater than Forty Million Dollars (\$40,000,000.00)
21 for all other counties of the state.

22 H. The aggregate limit for all state local government matching
23 payments made to any public entity on behalf of any local
24 governmental entity within a single county pursuant to subsection D

1 of Section 844 of this title for the duration of the Oklahoma Local
2 Development and Enterprise Zone Incentive Leverage Act shall be an
3 amount equal to the net benefit rate multiplied by the taxable gross
4 sales derived from the project over the period of apportionment of
5 local sales taxes, as certified by the Secretary of Commerce.

6 I. The payments authorized by Section 844 of this title shall
7 be available for business and governmental entities qualifying
8 pursuant to the Local Development Act for investments made within an
9 incentive district or for improvements made within an increment
10 district prior to December 31, 2007, or for which an incentive
11 district or an increment district has been created prior to December
12 31, 2028, if the investments or improvements are begun not later
13 than December 31, 2029.

14 J. An enterprise or entity receiving payments authorized
15 pursuant to the provisions of Section 844 of this title shall
16 annually report to the Oklahoma Department of Commerce the
17 following:

18 1. All employment resulting from the project or facility
19 location or expansion, including payroll amounts;

20 2. Capital investment amounts resulting from the project or
21 facility location or expansion; and

22 3. Changes in the assessed value of property resulting from the
23 project or facility location or expansion.
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1 The Department shall make available on the Department website
2 the information reported pursuant to this subsection.

3 K. The Oklahoma Department of Commerce shall promulgate rules
4 for administration of the Oklahoma Local Development and Enterprise
5 Zone Incentive Leverage Act. Such rules shall:

6 1. Include a procedure for an enterprise or local governmental
7 entity to make application for state local enterprise and state
8 local government matching payments pursuant to this section;

9 2. Reflect the intent that the Oklahoma Local Development and
10 Enterprise Zone Incentive Leverage Act be fiscally neutral to the
11 state; and

12 3. Establish reporting requirements, including the requirements
13 provided in subsection J of this section, for successful applicants
14 which allow data collection and analysis by the Department on
15 employment, capital investment, changes in assessed value of a
16 project and other impacts resulting from payments and reporting of
17 such data by the Department to the Oklahoma Tax Commission for the
18 purposes of subsection B of Section 847 of this title.

19 SECTION 2. This act shall become effective November 1, 2024.
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1 Passed the Senate the 4th day of March, 2024.

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3 _____
4 Presiding Officer of the Senate

5 Passed the House of Representatives the ____ day of _____,
6 2024.

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9 Presiding Officer of the House
10 of Representatives
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