

1 ENGROSSED SENATE
2 BILL NO. 317

By: Pemberton of the Senate

3 and

4 Sneed of the House
5

6 An Act relating to development incentives; amending
7 62 O.S. 2021, Section 860, which relates to the Local
8 Development Act; requiring the governing body to
9 submit an annual report for certain districts;
providing date for submission; prescribing
information to be included in report; and providing
an effective date.

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

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

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

19 B. The governing body may grant incentives or exemptions from
20 local taxation only on the new investment made. No ad valorem tax
21 incentives or exemptions may be granted on the value of property
22 which has been assessed or which is subject to assessment prior to
23 the adoption of the project plan. No ad valorem tax incentives or
24 exemptions authorized in this section may be granted for retail

1 establishments. If a retail establishment is located in property
2 which otherwise qualifies for an incentive or exemption pursuant to
3 this section, the incentive or exemption shall not be allowed for
4 that portion of the property used for such retail establishment. As
5 used in this subsection, "retail establishment" shall not include an
6 establishment that provides lodging including but not limited to a
7 hotel, apartment hotel, public rooming house, or motel. No ad
8 valorem tax incentives or exemptions authorized in this section may
9 be granted if the property is located in an increment district or as
10 long as the property is subject to the ad valorem tax exemption for
11 new or expanding manufacturing facilities as authorized by Section
12 6B of Article X of the Oklahoma Constitution. In the event of
13 disposition by lease or sublease to a lessee not entitled to an ad
14 valorem tax exemption, the improvements placed thereon shall not be
15 entitled to an ad valorem tax exemption provided for in Section 850
16 et seq. of this title. Except as otherwise provided by this
17 subsection, the incentives, or exemptions, which may be full or
18 partial, may be granted for a period not to exceed five (5) years.
19 With respect to an establishment, the business of which is described
20 by U.S. Industry Number 518210 of the North American Industry
21 Classification System (NAICS) Manual, 2017 revision, such incentives
22 or exemptions may be granted for a period not to exceed twenty-five
23 (25) years.

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

19 D. A project plan may contain a provision that ad valorem taxes
20 may be exempted in a commercial historic preservation area that is
21 adjacent to and serves designated historical residential areas for
22 neighborhood commercial preservation purposes in order for the
23 neighborhood to retain its basic character and scale. No ad valorem
24 tax exemption may be granted on the value of property which has been

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

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

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

20 2. The amount and purpose of expenditures;

21 3. The amount of principal and interest due on outstanding
22 bonded indebtedness;

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

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

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

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

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

18 1. The parties receiving incentives or exemptions;

19 2. A general description of the property and the improvements
20 to be made;

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

24 4. The duration of the incentives or exemptions;

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

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

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

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

Passed the Senate the 7th day of March, 2023.

Presiding Officer of the Senate

Passed the House of Representatives the ____ day of _____,
2023.

Presiding Officer of the House
of Representatives