

1                   **HOUSE OF REPRESENTATIVES - FLOOR VERSION**

2                                   STATE OF OKLAHOMA

3                                   2nd Session of the 59th Legislature (2024)

4 COMMITTEE SUBSTITUTE  
5 FOR  
6 HOUSE BILL NO. 3801

By: Burns of the House

and

**Kidd** of the Senate

7  
8  
9                                   COMMITTEE SUBSTITUTE

10           An Act relating to agricultural economic development;  
11           enacting the Oklahoma Certified Meat Processing  
12           Facility Incentive Act of 2024; providing for  
13           creation of the Oklahoma Certified Meat Processing  
14           Facility Incentive Approval Board; prescribing  
15           membership; providing for eligibility of entity for  
16           incentive payments; imposing requirements and  
17           restrictions with respect to equity ownership;  
18           providing for repayment of incentives under certain  
19           circumstances; authorizing State Auditor and  
20           Inspector to conduct audit of books and records;  
21           authorizing audit by third party; requiring certain  
22           characterization of incentive payments for purposes  
23           of repayment requirements; providing for enforcement  
24           and collection of incentive repayment by Oklahoma Tax  
          Commission; imposing requirements with respect to  
          processing facility inputs; creating the Oklahoma  
          Certified Meat Processing Facility Incentive  
          Revolving Fund; providing for sources of revenue;  
          prescribing purpose of fund; providing for  
          expenditures from fund; providing for codification;  
          providing for noncodification; providing an effective  
          date; and declaring an emergency.

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

1       SECTION 1.       NEW LAW       A new section of law not to be  
2 codified in the Oklahoma Statutes reads as follows:

3       This act shall be known and may be cited as the "Oklahoma  
4 Certified Meat Processing Facility Incentive Act of 2024".

5       SECTION 2.       NEW LAW       A new section of law to be codified  
6 in the Oklahoma Statutes as Section 2121 of Title 62, unless there  
7 is created a duplication in numbering, reads as follows:

8       A. There is hereby created the Oklahoma Certified Meat  
9 Processing Facility Incentive Approval Board. The Board shall  
10 consist of the following persons:

11       1. Three persons to be appointed by the Governor;

12       2. The Chair of the standing committee of the Oklahoma House of  
13 Representatives having primary jurisdiction with respect to  
14 legislation affecting agriculture or agricultural products;

15       3. The Chair of the standing committee of the Oklahoma State  
16 Senate having primary jurisdiction with respect to legislation  
17 affecting agriculture or agricultural products;

18       4. One person to be selected by the Chair of the committee of  
19 the Oklahoma House of Representatives having primary jurisdiction  
20 with respect to legislation affecting agriculture or agricultural  
21 products; and

22       5. One person to be selected by the Chair of the standing  
23 committee of the Oklahoma State Senate having primary jurisdiction  
24

1 with respect to legislation affecting agriculture or agricultural  
2 products.

3 B. In order to be eligible for any payment of funds from the  
4 Oklahoma Certified Meat Processing Facility Incentive Revolving  
5 Fund, an otherwise eligible business entity shall:

6 1. Be organized pursuant to the laws of any state of the United  
7 States of America;

8 2. Not allow the majority of its equity interest to be owned  
9 by:

10 a. a natural person who is not a citizen of the United  
11 States;

12 b. a legal entity which is not an entity organized under  
13 the laws of any of the states of the United States,

14 c. a legal entity, regardless of the state of its  
15 formation, the majority equity interest of which is  
16 owned by natural persons who are not United States  
17 citizens,

18 d. a legal entity, regardless of the state of its  
19 formation, the majority equity interest of which is  
20 owned by an entity or entities the majority equity  
21 interest of which is itself owned by one or more  
22 natural persons who are not United States citizens,  
23 and  
24

1           e.    a legal entity, regardless of the state of its  
2                formation, the majority equity interest of which is  
3                owned by any combination of natural persons who are  
4                not United States citizens and other legal entities if  
5                the majority equity interest of any one or more of  
6                such entities is owned either by a natural person or  
7                persons who are not United States citizens or if the  
8                majority equity interest of any one or more of such  
9                other legal entities is controlled, directly or  
10              indirectly, by natural persons who are not United  
11              States citizens; and

12           3.   Use at least fifty percent (50%) of inputs in the processing  
13   facility acquired from either a resident of the state or a legal  
14   entity the majority equity interest of which is owned by one or more  
15   residents of the state or a combination of natural persons who are  
16   residents of the state and other legal entities the controlling  
17   equity interest of which is owned, directly or indirectly, by one  
18   or more residents of the state.

19           C.   As used in this subsection, "majority equity interest" means  
20   the shares or equivalent evidence of equity ownership in the entity  
21   with voting rights having the power to select a board of directors  
22   or an equivalent governing body for the entity.

23           D.   If an entity receives funds pursuant to the provisions of  
24   this act and pursuant to an audit of the books and records of the

1 entity it is determined that the restrictions regarding alien  
2 ownership of the voting equity interest have been violated, the  
3 amount of incentives paid to the entity shall become the equivalent  
4 of a state tax owed by the entity and the Oklahoma Tax Commission  
5 shall have all of the same procedures and remedies to enforce the  
6 repayment of the incentive amount in the same manner as with respect  
7 to any other state tax liability, including, but not limited to, the  
8 provisions of the Uniform Tax Procedure Code.

9 E. The State Auditor and Inspector shall have the right to  
10 examine the books and records of any entity receiving incentive  
11 payments pursuant to the provisions of this act in order to enforce  
12 the provisions of subsection B of this section and to assist in the  
13 enforcement of the liabilities as described in subsection C of this  
14 section. Any entity receiving incentive payments pursuant to the  
15 provisions of this act shall provide access to its books and records  
16 to the State Auditor and Inspector or to any third-party auditor  
17 engaged by the State Auditor and Inspector in order to enforce the  
18 provisions of subsection B and subsection C of this section.

19 SECTION 3. NEW LAW A new section of law to be codified  
20 in the Oklahoma Statutes as Section 2122 of Title 62, unless there  
21 is created a duplication in numbering, reads as follows:

22 There is hereby created in the State Treasury a revolving fund  
23 for the Oklahoma Department of Agriculture, Food and Forestry to be  
24 designated the "Oklahoma Certified Meat Processing Facility

1 Incentive Revolving Fund". The fund shall be a continuing fund, not  
2 subject to fiscal year limitations, and shall consist of all monies  
3 received by the Oklahoma Department of Agriculture, Food and  
4 Forestry from such sources as may be provided by law. All monies  
5 accruing to the credit of said fund are hereby appropriated and may  
6 be budgeted and expended by the Oklahoma Department of Agriculture,  
7 Food and Forestry for the purpose of providing incentives to  
8 qualified entities to acquire and operate or to operate facilities  
9 for the processing of certified meat produced within the state.  
10 Expenditures from said fund shall be made upon warrants issued by  
11 the State Treasurer against claims filed as prescribed by law with  
12 the Director of the Office of Management and Enterprise Services for  
13 approval and payment.

14 SECTION 4. This act shall become effective July 1, 2024.

15 SECTION 5. It being immediately necessary for the preservation  
16 of the public peace, health or safety, an emergency is hereby  
17 declared to exist, by reason whereof this act shall take effect and  
18 be in full force from and after its passage and approval.  
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20 COMMITTEE REPORT BY: COMMITTEE ON APPROPRIATIONS AND BUDGET, dated  
21 02/29/2024 - DO PASS, As Amended and Coauthored.  
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