SENATE FLOOR VERSION
February 26, 2024
AS AMENDED

SENATE BILL NO. 1863 By: Stewart

[incentives - Local Development Act - districts - effective date]

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

SECTION 1. AMENDATORY 62 O.S. 2021, Section 856, is amended to read as follows:

Section 856. A. The governing body shall designate and adopt the proposed boundaries of any district and the proposed boundaries of any project area. Except as otherwise provided in this subsection, any districts created by a city or town shall be confined to that territory within the corporate limits of such city or town and any districts created by a county shall be confined to that territory within the ~~unincorporated areas of the~~ county. Any city, town, or county may by agreement jointly create a district with another entity.

B. Upon the adoption and approval of the project plan, the governing body shall adopt an ordinance or resolution, whichever is applicable, which:

1. Describes the boundaries of districts and project areas sufficiently definite to identify with ordinary and reasonable certainty the territory included in them;

2. Creates the district as of a date provided in it or defers determination of such date, provided such date must be no more than ten (10) years after the date of approval of the project plan;

3. Assigns a name to the district for identification purposes. The first district created shall be known as either an Incentive District or Increment District Number One, City, Town, or County of _____, whichever is applicable. Each subsequently created district shall be appropriately named and shall be assigned the next consecutive number; and

4. Contains findings that:

a. the project area or district meets at least one of the following criteria:

(1) is a reinvestment area,

(2) is a historic preservation area,

(3) is an enterprise area, or

(4) is a combination of the areas specified in divisions (1), (2), and (3) of this subparagraph,

b. the improvement of the area is likely to enhance the value of other real property in the area and to promote the general public interest. It shall not be

necessary to identify the specific parcels meeting the criteria,

c. the guidelines specified in paragraphs 1 and 2 of Section 852 of this title shall be followed,

d. the aggregate net assessed value of the taxable property in all districts as determined pursuant to Section 862 of this title within the city or town shall not exceed twenty-five percent (25%) of the total net assessed value of taxable property within the city or town for cities or towns having a population of fifty thousand (50,000) or more or shall not exceed thirty-five percent (35%) of the total net assessed value of taxable property within the city or town for cities or towns having a population of less than fifty thousand (50,000),

e. for projects approved by a county, the aggregate net assessed value of the taxable property in all districts as determined pursuant to Section 862 of this title within the county shall not exceed fifteen percent (15%) of the total net assessed value of the taxable property within the county,

f. the aggregate net assessed value of the taxable property in all districts as determined pursuant to Section 862 of this title within the city, the town,

or the county shall not exceed twenty-five percent (25%) of the total net assessed value of any affected school district located within the city, town, or county, and

g. the land area of this district and all other districts within the city, the town, or the county shall not exceed twenty-five percent (25%) of the total land area of the city, the town, or the county.

For districts that are wholly or partially comprised or become comprised of industries operating under NAICS code 518210, the provisions of subparagraphs d through g of this paragraph shall not apply.

C. It is the intention of the Legislature in adopting the Local Development Act that no long-term contractual obligation be created by the mere adoption of an ordinance or resolution establishing an increment district. Notwithstanding any provision contained in an ordinance, resolution, or project plan, an ordinance or resolution establishing an increment district shall constitute a legislative act and may be repealed, modified, or amended at any time during the term of the increment district, by subsequent action of the governing body except as otherwise authorized pursuant to Sections 854 and 863 of this title; provided, however, that no such ordinance shall be repealed, modified, or amended during the time that any bonds payable from incremental revenues are outstanding without the

consent of the bondholders, if such bonds are issued pursuant to the provisions of Article X, Section 35 of the Oklahoma Constitution following its amendment by State Question No. 693.

D. However, nothing in the Local Development Act shall restrict the ability of:

1. Any city, town, or county to:

a. issue debt in accordance with the applicable provisions of Article X of the Oklahoma Constitution, and any statutes enacted in connection therewith, and

b. use incremental revenues derived from an increment district to pay principal, interest, or premium associated with such indebtedness; or

2. Any public entity, other than a city, town, or county, to:

a. issue tax apportionment bonds or notes in accordance with Section 863 of this title or to issue other types of revenue bonds or notes in accordance with other applicable provisions of Oklahoma law, and

b. use incremental revenues derived from an increment district to pay principal, interest, or premium associated with such indebtedness.

SECTION 2. This act shall become effective November 1, 2024.

COMMITTEE REPORT BY: COMMITTEE ON FINANCE
February 26, 2024 - DO PASS