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February 27, 2023

COMMITTEE SUBSTITUTE
FOR

SENATE BILL NO. 317

By: Pemberton of the Senate

and

Sneed of the House

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 incentives or exemptions may be granted on the value of property

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

1 or exemptions may be granted for a period not to exceed twenty-five
2 (25) years.

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

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

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

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

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

22 2. The amount and purpose of expenditures;

23 3. The amount of principal and interest due on outstanding
24 bonded indebtedness;

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

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

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

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

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

20 1. The parties receiving incentives or exemptions;

21 2. A general description of the property and the improvements
22 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.

13 COMMITTEE REPORT BY: COMMITTEE ON FINANCE
14 February 27, 2023 - DO PASS AS AMENDED BY CS
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