

OKLAHOMA TAX COMMISSION

REVENUE IMPACT STATEMENT AND/OR ADMINISTRATIVE IMPACT STATEMENT FIRST REGULAR SESSION, FIFTY-NINTH OKLAHOMA LEGISLATURE

DATE OF IMPACT STATEMENT: January 17, 2023

BILL NUMBER: SB 317 **STATUS AND DATE OF BILL:** Introduced 1/12/23

AUTHORS: House: n/a Senate: Pemberton

TAX TYPE (S): Sales Tax **SUBJECT:** Oklahoma Local Development and Enterprise Zone Incentive Leverage Act

PROPOSAL: Amendatory.

Senate Bill 317 proposes to amend the Oklahoma Local Development and Enterprise Zone Leverage Act (62 O.S. § 842), establishing reporting requirements for local governmental entities.

EFFECTIVE DATE: November 1, 2023

REVENUE IMPACT:

Insert dollar amount (plus or minus) of the expected change in state revenues due to this proposed legislation.

FY 24: None.

FY 25: None.

Jan. 20, 2023
DATE

Rick Miller
DIVISION DIRECTOR

lh

1/25/2023
DATE

Huan Gong
HUAN GONG, ECONOMIST

1/31/2023
DATE

Joseph P. Nayya
FOR THE COMMISSION

The revenue impact provided herein is an estimate of the potential impact on the collection or apportionment of tax revenues affected by the proposed legislation. It is not intended to be an estimate of the overall fiscal impact on the state budget if the proposed legislation is enacted.

ATTACHMENT TO REVENUE IMPACT – SB 317 [Introduced] Prepared 1/17/23

Senate Bill 317 proposes to amend the Oklahoma Local Development and Enterprise Zone Incentive Leverage Act ("Act"), establishing reporting requirements for local governmental entities. (62 O.S. § 840 et. al)

The Act provides funding for local governments to match local tax revenue dedicated to support economic development projects. This program uses a portion of state taxes levied and collected to pay local enterprise and local government incentive claims and is intended to be fiscally neutral to the State.

For local enterprise matching payments, the OTC makes a payment to the business equal to the amount of sales tax that is certified as exempt. The matching payment is made only for the sales tax foregone by local governments or rebated to the business by local governments for purchases made by the business and not on the basis of any sales tax collected by the business from consumers or users on taxable sales made by the business.

For local government matching payments, after the local government provides the certification, the OTC makes payment to the public entity in an amount equal to the lesser of (1) the certified amount of the local sales taxes apportioned during the previous 6 months; or (2) the estimated net direct state benefits.

The OTC maintains a record of state local enterprise and state local government matching payments. Local sales taxes apportioned under the applicable project plan are reported, collected, remitted and disbursed in the same manner as other local sales taxes.

This measure establishes reporting requirements for local governmental entities that approve a project plan pursuant to the provisions of the Act within an enterprise zone or in support of a major tourism destination project. The report shall include:

- the name of the increment or incentive district,
- whether the increment or incentive district was created by a municipality or county government,
- a map with a defined boundary of the increment or incentive district,
- the length of the project and its date of expiration,
- the base assessed value, as certified by the county assessor, if required pursuant to 62 O.S. § 862,
- the total annual value of the increment, and
- a list of the taxing jurisdictions affected and their respective total millage levies.

The report shall be provided to each taxing jurisdiction affected by the increment or incentive district.

No changes in state revenue are expected as a result of the proposal.