

STATE OF OKLAHOMA

2nd Session of the 59th Legislature (2024)

SENATE BILL 1863

By: Stewart

AS INTRODUCED

An Act relating to incentives; amending 62 O.S. 2021, Section 856, which relates to the Local Development Act; expanding areas in which a county is authorized to create certain districts; and providing an 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

1 city, town, or county may by agreement jointly create a district
2 with another entity.

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

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

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

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

18 4. Contains findings that:
19 a. the project area or district meets at least one of the
20 following criteria:

- 21 (1) is a reinvestment area,
- 22 (2) is a historic preservation area,
- 23 (3) is an enterprise area, or

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

3 b. the improvement of the area is likely to enhance the
4 value of other real property in the area and to
5 promote the general public interest. It shall not be
6 necessary to identify the specific parcels meeting the
7 criteria,

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

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

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

3 f. the aggregate net assessed value of the taxable
4 property in all districts as determined pursuant to
5 Section 862 of this title within the city, the town,
6 or the county shall not exceed twenty-five percent
7 (25%) of the total net assessed value of any affected
8 school district located within the city, town, or
9 county, and

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

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

18 C. It is the intention of the Legislature in adopting the Local
19 Development Act that no long-term contractual obligation be created
20 by the mere adoption of an ordinance or resolution establishing an
21 increment district. Notwithstanding any provision contained in an
22 ordinance, resolution, or project plan, an ordinance or resolution
23 establishing an increment district shall constitute a legislative
24 act and may be repealed, modified, or amended at any time during the

1 term of the increment district, by subsequent action of the
2 governing body except as otherwise authorized pursuant to Sections
3 854 and 863 of this title; provided, however, that no such ordinance
4 shall be repealed, modified, or amended during the time that any
5 bonds payable from incremental revenues are outstanding without the
6 consent of the bondholders, if such bonds are issued pursuant to the
7 provisions of Article X, Section 35 of the Oklahoma Constitution
8 following its amendment by State Question No. 693.

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

11 1. Any city, town, or county to:

- 12 a. issue debt in accordance with the applicable
13 provisions of Article X of the Oklahoma Constitution,
14 and any statutes enacted in connection therewith, and
15 b. use incremental revenues derived from an increment
16 district to pay principal, interest, or premium
17 associated with such indebtedness; or

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

- 19 a. issue tax apportionment bonds or notes in accordance
20 with Section 863 of this title or to issue other types
21 of revenue bonds or notes in accordance with other
22 applicable provisions of Oklahoma law, and
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1 b. use incremental revenues derived from an increment
2 district to pay principal, interest, or premium
3 associated with such indebtedness.

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

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