

1 **SENATE FLOOR VERSION**

2 February 17, 2026

3 SENATE BILL NO. 1826

By: Reinhardt of the Senate

4 and

5 Osburn of the House

6
7
8 An Act relating to development incentives; amending
9 62 O.S. 2021, Sections 842, as last amended by
10 Section 1, Chapter 203, O.S.L. 2025, and 843 (62 O.S.
11 Supp. 2025, Section 842), which relate to the
12 Oklahoma Local Development and Enterprise Zone
13 Incentive Leverage Act; eliminating sunset date
14 provisions; updating statutory reference; updating
15 statutory language; and providing an effective date.

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

17 SECTION 1. AMENDATORY 62 O.S. 2021, Section 842, as last
18 amended by Section 1, Chapter 203, O.S.L. 2025 (62 O.S. Supp. 2025,
19 Section 842), is amended to read as follows:

20 Section 842. A. An enterprise which locates its facility
21 within an enterprise zone or which expands its existing facility
22 after the designation of an enterprise zone as authorized by law and
23 which is located in an incentive district as authorized pursuant to
24 the provisions of the Local Development Act shall be eligible for
the state local enterprise matching payment authorized pursuant to
subsection A of Section 844 of this title.

1 B. 1. A local governmental entity which approves a project
2 plan pursuant to the provisions of the Local Development Act within
3 an enterprise zone or in support of a major tourism destination
4 project which the local governmental entity determines is likely to
5 significantly benefit contiguous or nearby enterprise zone census
6 tracts shall be eligible for the state local government matching
7 payment authorized pursuant to subsection D of Section 844 of this
8 title; provided, no state local government matching payment shall be
9 made for project costs in relation to:

10 a. any gambling establishment, or

11 b. any development within a project plan that provides
12 for more than fifty percent (50%) of the net leasable
13 space of such development to be used for retail
14 purposes except for such portions of a development
15 which includes grocery or specialty food store
16 enterprises defined under NAICS Manual Industry Group
17 No. 4451 or 4452 that provide healthy nutrition
18 options including fresh fruits, vegetables, whole
19 grains, seeds, nuts and healthy protein and that
20 improve access within one-half (1/2) mile of any low
21 income and low access geographies identified by the
22 United States Department of Agriculture.

1 State local government matching payments shall not be used to
2 supplant local revenue currently being expended within the increment
3 district boundaries.

4 2. In order to be eligible for state local government matching
5 payments for approving a project within an enterprise zone, a local
6 governmental entity shall provide to the Oklahoma Department of
7 Commerce as part of the application provided for in subsection J of
8 this section:

9 a. an estimate of incremental revenues likely to be
10 derived from the project, and

11 b. certification that all projects described within the
12 related project plan will generate, in the aggregate,
13 a minimum of either One Million Dollars
14 (\$1,000,000.00) in payroll, exclusive of payroll for
15 construction, or Five Million Dollars (\$5,000,000.00)
16 in investment.

17 3. In order to be eligible for state local government matching
18 payments in support of a major tourism destination project, a local
19 governmental entity shall provide to the Oklahoma Department of
20 Commerce as part of the application provided for in subsection ~~K~~ J
21 of this section:

22 a. an estimate of incremental revenues new to the state
23 likely to be derived from the project,

24

- 1 b. certification that the major tourism destination
2 project meets the applicable criteria described in
3 paragraph 12 of Section 841 of this title, and
4 c. an agreement to provide payment to the Oklahoma
5 Department of Commerce to defray the costs of the
6 study required by paragraph 4 of this subsection.

7 4. To determine if a project qualifies as a major tourism
8 destination project pursuant to subparagraph b of paragraph 12 of
9 Section 841 of this title and to assist in other required
10 determinations, the Oklahoma Department of Commerce shall cause a
11 market and feasibility study to be conducted by an independent
12 consultant with experience in the conduct of such studies. Upon
13 review of the feasibility report, the Oklahoma Department of
14 Commerce shall make its finding as to the reasonable probability
15 that the proposed project is a major tourism destination project as
16 provided in subparagraph b of paragraph 12 of Section 841 of this
17 title.

18 C. For purposes of the Oklahoma Local Development and
19 Enterprise Zone Incentive Leverage Act, an enterprise engaged in a
20 retail activity, where otherwise prohibited by the Oklahoma
21 Enterprise Zone Act for purposes of the benefits and incentives
22 extended pursuant to the Oklahoma Enterprise Zone Act, shall be
23 considered an eligible enterprise for purposes of the state local
24

1 enterprise matching payment authorized by the Oklahoma Local
2 Development and Enterprise Zone Incentive Leverage Act.

3 D. The maximum amount of state local enterprise matching
4 payments for an enterprise per fiscal year shall not exceed Two
5 Hundred Thousand Dollars (\$200,000.00).

6 E. Except as provided in subsection H of this section, for
7 purposes of the Oklahoma Local Development and Enterprise Zone
8 Incentive Leverage Act, the maximum amount of aggregate investment
9 in all qualifying facilities located in any single county which can
10 qualify for a state local enterprise matching payment pursuant to
11 subsection A of Section 844 of this title shall be computed for each
12 county of the state by multiplying Two Hundred Dollars (\$200.00)
13 times the population of the county according to the most recent
14 estimate provided by the United States Bureau of the Census prior to
15 the date an application is made.

16 F. The computation required by subsection E of this section
17 shall be the maximum amount of aggregated investment qualifying for
18 the purposes of all enterprises for the duration of the Oklahoma
19 Local Development and Enterprise Zone Incentive Leverage Act.

20 G. The aggregate investment limit for all facilities located
21 within a county which may qualify for the state local enterprise
22 matching payments pursuant to subsection A of Section 844 of this
23 title shall:

24

1 1. Not be less than Twenty Million Dollars (\$20,000,000.00) for
2 counties with a population less than one hundred thousand (100,000)
3 persons; and

4 2. Not be greater than Forty Million Dollars (\$40,000,000.00)
5 for all other counties of the state.

6 H. The aggregate limit for all state local government matching
7 payments made to any public entity on behalf of any local
8 governmental entity within a single county pursuant to subsection D
9 of Section 844 of this title for the duration of the Oklahoma Local
10 Development and Enterprise Zone Incentive Leverage Act shall be an
11 amount equal to the net benefit rate multiplied by the taxable gross
12 sales derived from the project over the period of apportionment of
13 local sales taxes, as certified by the Secretary of Commerce.

14 ~~I. The payments authorized by Section 844 of this title shall~~
15 ~~be available for business and governmental entities qualifying~~
16 ~~pursuant to the Local Development Act for investments made within an~~
17 ~~incentive district or for improvements made within an increment~~
18 ~~district prior to December 31, 2007, or for which an incentive~~
19 ~~district or an increment district has been created prior to December~~
20 ~~31, 2028, if the investments or improvements are begun not later~~
21 ~~than December 31, 2029.~~

22 ~~J.~~ An enterprise or entity receiving payments authorized
23 pursuant to the provisions of Section 844 of this title shall
24

1 annually report to the Oklahoma Department of Commerce the
2 following:

3 1. All employment resulting from the project or facility
4 location or expansion, including payroll amounts;

5 2. Capital investment amounts resulting from the project or
6 facility location or expansion; and

7 3. Changes in the assessed value of property resulting from the
8 project or facility location or expansion.

9 The enterprise or entity shall also provide consent for the
10 Department to furnish the reported information to the Incentive
11 Evaluation Commission only for evaluation purposes by the Commission
12 or a designee. The information furnished to the Commission shall be
13 disaggregated and on a per project basis. The Department shall make
14 available on the Department website the information reported
15 pursuant to this subsection.

16 ~~K.~~ J. The Oklahoma Department of Commerce shall promulgate
17 rules for administration of the Oklahoma Local Development and
18 Enterprise Zone Incentive Leverage Act. Such rules shall:

19 1. Include a procedure for an enterprise or local governmental
20 entity to make application for state local enterprise and state
21 local government matching payments pursuant to this section;

22 2. Reflect the intent that the Oklahoma Local Development and
23 Enterprise Zone Incentive Leverage Act be fiscally neutral to the
24 state; and

1 3. Establish reporting requirements, including the requirements
2 provided in subsection ~~¶~~ I of this section, for successful
3 applicants which allow data collection and analysis by the
4 Department on employment, capital investment, changes in assessed
5 value of a project and other impacts resulting from payments and
6 reporting of such data by the Department to the Oklahoma Tax
7 Commission for the purposes of subsection B of Section 847 of this
8 title.

9 SECTION 2. AMENDATORY 62 O.S. 2021, Section 843, is
10 amended to read as follows:

11 Section 843. A. In order to receive the state local enterprise
12 matching payment pursuant to the provisions of subsection A of
13 Section 844 of this title, the enterprise shall obtain a
14 certification, provided by the governing body of the local
15 governmental entity creating the incentive district, acknowledged by
16 the chief elected official of the local governing body that the
17 enterprise has qualified pursuant to the Local Development Act for
18 sales tax exemption. The certification document shall include:

- 19 1. The beginning date of the exemption;
- 20 2. The ending date of the exemption;
- 21 3. The total amount of projected investment to construct or
22 expand the facility during the period for which the incentives
23 available pursuant to the Local Development Act will be in force and
24

1 effect together with a certification by the Oklahoma Department of
2 Commerce that the facility is located in an enterprise zone; and

3 4. The legal name and business entity classification of the
4 entity to which exemption is afforded or to which sales tax payment
5 is made by the local governmental entity or entities pursuant to the
6 provisions of the Local Development Act.

7 B. The local governing body shall provide a copy of the
8 certification document to the Oklahoma Tax Commission.

9 C. After the enterprise provides a certification from the local
10 governing body, the Tax Commission shall make payment to the
11 enterprise identified in the certification document equal to the
12 amount of the sales tax from which the enterprise is certified as
13 exempt as identified in the certification in the manner prescribed
14 by subsection A of Section 844 of this title.

15 D. The state local enterprise matching payment shall be made
16 only for sales tax foregone by local governmental entities or
17 rebated to the business enterprise by local entities for purchases
18 made by the business enterprise and not on the basis of any sales
19 tax collected by the business enterprise from consumers or users on
20 taxable sales made by the enterprise.

21 E. In order to receive the state local governmental matching
22 payment pursuant to the provisions of subsection D of Section 844 of
23 this title, the local governmental entity shall provide to the Tax
24 Commission a certification, acknowledged by its mayor or

1 chairperson, that such local governmental entity has created an
2 increment district pursuant to the Local Development Act which
3 qualifies for a state local government matching payment. The
4 certification document shall include:

5 1. The beginning date of the increment district;

6 2. The ending date of the increment district;

7 3. A description of the project costs authorized by the project
8 plan for which the state local government matching payments will be
9 used and the estimated date for substantial completion of the
10 project being assisted as described in the application;

11 4. A certification by the Oklahoma Department of Commerce that
12 the project plan is located in an enterprise zone or supports a
13 qualifying major tourism destination project, ~~and that the~~
14 ~~qualifying investment and development has been or will be~~
15 ~~substantially completed no later than December 31, 2034;~~

16 5. The amount of the local sales taxes which have been
17 apportioned during the previous six-month period by the local
18 governmental entity for the payment of project costs pursuant to the
19 provisions of the Local Development Act; and

20 6. The name of the public entity identified in the project plan
21 pursuant to Section 858 of this title as the entity authorized to
22 carry out activities pursuant to the project plan.

23 After the local governmental entity provides such certification,
24 the Tax Commission shall make payment to the designated public

1 entity in an amount equal to the lesser of the certified amount of
2 the local sales taxes apportioned during the previous six (6) months
3 or the estimated net direct state benefits as prescribed by
4 subsection D of Section 844 of this title.

5 SECTION 3. This act shall become effective November 1, 2026.

6 COMMITTEE REPORT BY: COMMITTEE ON ECONOMIC DEVELOPMENT, WORKFORCE
7 AND TOURISM
8 February 17, 2026 - DO PASS
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24