

STATE OF OKLAHOMA

2nd Session of the 60th Legislature (2026)

SENATE BILL 2015

By: Sacchieri

AS INTRODUCED

An Act relating to development incentives; amending 62 O.S. 2021, Sections 860, as amended by Section 1, Chapter 145, O.S.L. 2023, and 861 (62 O.S. Supp. 2025, Section 860), which relate to the Local Development Act; limiting the amount of incentives or exemptions granted; requiring project plans to include provisions that serve the whole public within a certain jurisdiction; prohibiting plans that exclusively provide incentives or exemptions to private entities; limiting the amount of increments that may be apportioned; requiring certain project plans to include costs that serve the whole public within a certain jurisdiction; prohibiting project plans that exclusively apportion increments to certain project costs; 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, as amended by Section 1, Chapter 145, O.S.L. 2023 (62 O.S. Supp. 2025, Section 860), is amended to read as follows:

1 Section 860. A. A project plan may contain a provision that
2 certain local taxes may be subject to incentives or may be exempted
3 in reinvestment areas, historic preservation areas, or enterprise
4 areas.

5 B. The governing body may grant incentives or exemptions from
6 local taxation only on a portion, not to exceed fifty percent (50%),
7 of the new investment made. No ad valorem tax incentives or
8 exemptions may be granted on the value of property which has been
9 assessed or which is subject to assessment prior to the adoption of
10 the project plan. No ad valorem tax incentives or exemptions
11 authorized in this section may be granted for retail establishments.
12 If a retail establishment is located in property which otherwise
13 qualifies for an incentive or exemption pursuant to this section,
14 the incentive or exemption shall not be allowed for that portion of
15 the property used for such retail establishment. As used in this
16 subsection, "retail establishment" shall not include an
17 establishment that provides lodging including, but not limited to, a
18 hotel, apartment hotel, public rooming house, or motel. No ad
19 valorem tax incentives or exemptions authorized in this section may
20 be granted if the property is located in an increment district or as
21 long as the property is subject to the ad valorem tax exemption for
22 new or expanding manufacturing facilities as authorized by Section
23 6B of Article X of the Oklahoma Constitution. In the event of
24 disposition by lease or sublease to a lessee not entitled to an ad

1 valorem tax exemption, the improvements placed thereon shall not be
2 entitled to an ad valorem tax exemption provided for in Section 850
3 et seq. of this title. Except as otherwise provided by this
4 subsection, the incentives, or exemptions, which may be full or
5 partial, may be granted for a period not to exceed five (5) years.
6 With respect to an establishment, the business of which is described
7 by U.S. Industry Number 518210 of the North American Industry
8 Classification System (NAICS) Manual, 2017 revision, such incentives
9 or exemptions may be granted for a period not to exceed twenty-five
10 (25) years.

11 C. No incentives or exemptions may be granted to any business
12 or firm that is relocating from within the state and is subject to
13 or in the process of recruitment by two or more governmental
14 entities within the state unless the governmental entity in which
15 the business or firm does not locate adopts a resolution giving
16 ~~their~~ its approval to the granting of incentives or exemptions to
17 the business or firm locating in the competing governmental entity.
18 No incentives or exemptions may be granted to an out-of-state
19 business or firm that is subject to or in the process of recruitment
20 by two or more governmental entities within the state except as
21 otherwise provided for in this subsection. The prohibition against
22 incentives or exemptions to a business or firm relocating within the
23 state may be waived upon application by the governing body to, and
24 approval of, the ~~Director~~ Chief Executive Officer of the Oklahoma

1 Department of Commerce. In order for the ~~Director~~ Chief Executive
2 Officer to approve the waiver, the ~~Director~~ Chief Executive Officer
3 must find that the incentives or exemptions are necessary and
4 sufficient to attract the business or firm and that the benefits
5 generated by the business location outweigh the costs of the
6 business location.

7 D. A project plan may contain a provision that ad valorem taxes
8 may be exempted in a commercial historic preservation area that is
9 adjacent to and serves designated historical residential areas for
10 neighborhood commercial preservation purposes in order for the
11 neighborhood to retain its basic character and scale. No ad valorem
12 tax exemption may be granted on the value of property which has been
13 assessed or which is subject to assessment prior to the adoption of
14 the project plan. No ad valorem tax exemption shall be granted
15 pursuant to the provisions of this subsection for single-family
16 residences. The governing body may grant the exemption only on the
17 increase in value of the property. The exemptions may be granted
18 for a specific period of time as determined by a written agreement
19 between the property owners of the area and the governing body and
20 may be renewed. Uses of the property eligible for this exemption
21 may include, but not be limited to, commercial, office, or
22 multifamily residential use.

23 E. For increment districts in operation for nine (9) months or
24 more, on or before the ninetieth day following the end of each

1 fiscal year, the governing body of a city, town, or county shall
2 submit a report to the Oklahoma Department of Commerce. The
3 Department shall provide a copy of the report to any member of the
4 public upon request. The disclosure report shall include the
5 following information:

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

8 2. The amount and purpose of expenditures;

9 3. The amount of principal and interest due on outstanding
10 bonded indebtedness;

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

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

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

20 7. The names of the persons who have disclosed an interest as
21 required pursuant to Section 857 of this title and the interest
22 disclosed.

23 F. For those incentive districts in operation for nine (9)
24 months or more, on or before the ninetieth day following the end of

1 each fiscal year, the governing body of a city, town, or county
2 shall submit a report to the Oklahoma Department of Commerce. The
3 Department shall provide a copy of the report to any member of the
4 public upon request. The disclosure report shall include the
5 following information:

- 6 1. The parties receiving incentives or exemptions;
- 7 2. A general description of the property and the improvements
8 to be made;
- 9 3. The portion and fair market value of the property to be
10 exempted or that portion of the local taxes to be subject to
11 incentives or to be exempted;
- 12 4. The duration of the incentives or exemptions;
- 13 5. Any additional information necessary to demonstrate
14 compliance with the tax incentives or exemptions;
- 15 6. The name of the person who is currently in charge of the
16 implementation of the plan; and
- 17 7. The names of the persons who have disclosed an interest as
18 required pursuant to Section 857 of this title and the interest
19 disclosed.

20 G. Any project plan created pursuant to the provisions of this
21 section shall include provisions or investments that serve the whole
22 public within the jurisdiction of the applicable governing body. A
23 project plan shall not be adopted that exclusively provides
24 incentives or exemptions to private entities.

SECTION 2. AMENDATORY 62 O.S. 2021, Section 861, is

amended to read as follows:

Section 861. A. A project plan may contain a provision that the increments from certain local taxes or fees may be used to finance project costs in areas qualified under the Local Development Act. The increment from local taxes or fees levied from and after the effective date of the approval of such plan shall be apportioned in the following manner for a period not to exceed twenty-five (25) fiscal years thereafter or the period required for payment of project costs, whichever is less; provided, however, that for any increment district established after November 1, 1992, such time period shall be tolled for a period of time equal to the pendency of any litigation directly or indirectly challenging the increment district or apportionment or disbursement:

1. That portion of the ad valorem taxes which are produced by the levy at the rate fixed each year by or for each such ad valorem taxing entity upon the base assessed value of the increment district determined pursuant to Section 862 of this title and as to an area later added to the increment district, the effective date of the addition to the increment district, shall be paid to each taxing entity and all or any portion of local sales taxes, other local taxes or local fees collected each year which are not subject to apportionment shall be paid or retained as otherwise provided by law; and

2. ~~All or any~~ A portion not to exceed fifty percent (50%) of:

- a. ad valorem taxes, in excess of such amount specified in paragraph 1 of this subsection,
- b. the increment of local sales taxes, other local taxes or local fees, or a combination thereof, paid to or for the benefit of the city, town, or county approving the plan, and
- c. with its consent, evidenced by agreement in writing, the increment of local sales tax, other local taxes or local fees, or combination thereof, payable to any other local public taxing entity,

shall be apportioned to, and when collected, shall be paid into an apportionment fund established for the project pursuant to the project plan. Such revenues shall be used for the payment of the project costs and for the payment of the principal of, the interest on, and any premiums due in connection with the bonds of, loans, notes, or advances of money to, or indebtedness incurred to finance project costs, whether funded, refunded, assumed, or otherwise, for financing, in whole or in part, eligible project costs. For the purposes of this section, "local sales tax" means amounts payable to or for the benefit of a local governmental entity calculated as a percentage of gross sales whether imposed by ordinance, resolution, covenant, or agreement. Nothing shall prohibit the increments from being used to directly pay eligible project costs. When all

1 eligible project costs and such bonds, loans, advances of money, or
2 indebtedness, if any, including interest thereon and any premiums
3 due in connection with them, have been paid and the governing body
4 adopts an ordinance or resolution dissolving the tax apportionment
5 financing, all ad valorem taxes upon the taxable property within the
6 boundary of such district shall be paid into the funds of the
7 respective taxing entities.

8 B. If a project plan contains a provision for apportionment as
9 provided in subsection A of this section, and notwithstanding any
10 other provision of law to the contrary, the governing body shall
11 direct in the resolution or ordinance approving the plan which
12 portion of the increments, ~~including whether~~ if any ~~or all~~, to be
13 paid into the apportionment fund shall constitute a part of the
14 general fund to be appropriated annually by the governing body, and
15 which portion, ~~including whether~~ if any ~~or all~~, shall constitute
16 funds of a public entity authorized to issue tax apportionment bonds
17 or notes or to incur project costs.

18 C. To the extent that collections exceed project costs and the
19 provisions for payment of principal and interest along with
20 sufficient reserves on any bonds issued pursuant to the provisions
21 of Section 863 of this title, the excess shall be paid into the
22 funds of the respective taxing entities unless the taxing entity
23 agrees to some other use of such collections.
24

1 D. Except as provided in subsection E of this section, for any
2 year in which taxes or fees are apportioned in the manner specified
3 in paragraph 2 of subsection A of this section, any increase in
4 assessed valuation of taxable real property or taxable personal
5 property within the boundaries of such district in excess of the
6 base assessed value shall not be considered by any taxing entity in
7 computing any debt limitation or for any other purpose except for
8 the levy of taxes and in determining the amount to be apportioned.

9 E. In the event there is a change in the assessment ratio for
10 ad valorem tax property valuations of property within the boundaries
11 of an increment district, the portions of valuations for assessment
12 pursuant to paragraphs 1 and 2 of subsection A of this section shall
13 be proportionately adjusted in accordance with such reassessment.

14 F. Nothing in this section shall be construed as relieving
15 property in such project area from being assessed as provided in the
16 Ad Valorem Tax Code of the Oklahoma Statutes, or as relieving owners
17 of such property from paying a uniform rate of taxes, as required by
18 Section 5 of Article X of the Oklahoma Constitution.

19 G. Subject to constitutional exemptions, if property in an
20 increment district is owned by a public entity and is leased to or
21 operated for a private use, including, without limitation, use by a
22 not-for-profit corporation or trust, the portion of the property so
23 leased or operated shall be assessed by the county assessor as if
24 such portion of the property were taxable, and, during the term of

1 the increment district, the public entity owning such property shall
2 pay or require the user thereof to pay ad valorem taxes or an in
3 lieu ad valorem tax payment in an amount not less than the amount
4 that would have resulted if taxes had otherwise been levied on such
5 portion of the property. If property subject to ad valorem tax in
6 an increment district is acquired by a private not-for-profit
7 corporation or public or private trust, it shall continue to be
8 assessed and subject to ad valorem taxes or an in lieu ad valorem
9 payment by the user thereof until termination of the increment
10 district unless and only to the extent of the portion of the
11 property and the use thereof that is:

- 12 1. Acquired to implement the project plan;
- 13 2. Converted to a new tax-exempt use by a tax-exempt user; or
- 14 3. Entitled to claim a constitutional exemption notwithstanding
15 statutory provisions.

16 During the period of an increment district, such nonexempt uses and
17 interests are severable for purposes of ad valorem and in lieu of ad
18 valorem assessment and payments, notwithstanding any statutory
19 provisions to the contrary.

20 H. Any project plan created pursuant to the provisions of this
21 section shall include project costs that serve the whole public
22 within the jurisdiction of the applicable governing body. A project
23 plan shall not be adopted that exclusively apportions increments to
24 the project costs of private entities.

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

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