An Act

ENROLLED SENATE
BILL NO. 1284

By: Stanislawski and Johnson (Constance) of the Senate

and

Liebmann, Hickman, Inman and Nations of the House

An Act relating to economic development; creating the Oklahoma Quality Events Incentive Act; providing short title and setting an expiration date; making legislative findings; defining terms; providing for designations of quality event areas and prescribing procedures relating thereto; requiring economic impact study; imposing duties upon Oklahoma Tax Commission; requiring approval or disapproval of economic impact study; requiring assistance by Oklahoma Department of Commerce and Oklahoma Department of Tourism and Recreation; imposing duties upon certain host communities; providing for computation of incremental sales tax revenues; providing for payment of incentives; prohibiting certain payments; providing certain sales tax levies not to be affected; setting certain limits on payments for specified years; requiring Tax Commission to make payments based on certain conditions; providing for promulgation of rules; requiring report; providing for continuation of Quality Events Incentive Act; providing for successive periods during which Oklahoma Quality Events Incentive Act remains effective; providing for payment of incentives based upon certain contractual obligations; providing for codification; and providing an effective date.

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

SECTION 1. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 4301 of Title 68, unless there is created a duplication in numbering, reads as follows:

This act shall be known and may be cited as the "Oklahoma Quality Events Incentive Act" and shall be in effect through June 30, 2015.

SECTION 2. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 4302 of Title 68, unless there is created a duplication in numbering, reads as follows:

The Legislature finds that certain quality events conducted within the state have a significant economic impact. In order to assist with the promotion of such events and to assist the promoters and organizers of such events with the planning and performance of such events, the Legislature finds that it is in furtherance of an essential governmental function to provide a method by which an eligible municipality or an eligible county may utilize a portion of the state sales tax revenues derived from taxable transactions occurring within a designated area to promote certain qualifying events. The State of Oklahoma has a legitimate interest in economic development related to the occurrence of quality events and the Legislature finds that the use of state sales tax revenues authorized by this act provides a method by which the state can compete successfully in a national and global economy against other jurisdictions offering similar incentives for such events.

SECTION 3. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 4303 of Title 68, unless there is created a duplication in numbering, reads as follows:

As used in the Oklahoma Quality Events Incentive Act:

1. "Certified sponsor" means an entity or organization authorized to promote and conduct a quality event, which is incurring expenses for the promotion of such event to be conducted within the corporate limits of an eligible municipality or an unincorporated area within a county;

2. "Economic impact study" means a study of the geographic area designated by a host community pursuant to Section 4 of this act, which includes:

a. a description and, if applicable, history of the quality event,

b. information regarding the site selection process for the quality event,

c. an estimate of the expenses anticipated to be incurred in connection with hosting the quality event,

d. an estimate of the total gross sales made by vendors within the designated area during any period of time during which no quality event activity occurs,

e. a detailed estimate of the anticipated increase in sales tax revenue directly attributable to the quality event,

f. the general economic impact likely to occur in the designated area as a result of the preparation for, occurrence of and activity occurring in connection with the dissolution of, a quality event, and

g. any additional information the Oklahoma Tax Commission may require;

3. "Eligible local support amounts" means:

a. any payment made by a local government entity or transfer of monies from the general fund or transfer of tax revenues derived from a locally imposed tax to a certified sponsor for the purpose of attracting, promoting, advertising, organizing, conducting or otherwise supporting a quality event, or

b. any direct payment made by a certified sponsor to a for-profit or nonprofit entity, other than the host community, for the purpose of attracting, promoting,

advertising, organizing, conducting or otherwise supporting a quality event;

4. "Host community" means any county, incorporated city or town, or any combination of counties, incorporated cities or towns of the state which are authorized by their respective governing bodies to host or assist in the presentation of a quality event;

5. "Incremental sales tax revenue" means, with respect to a new event, a comparison of the amount of additional state sales tax revenue, if any, in excess of the amount of state sales tax revenue collected within a quality event area during the same month of the preceding year for purposes of the economic impact study required by Section 4 of this act; or, with respect to a recurring event, a comparison of the amount of additional sales tax revenue, if any, in excess of the calculated average amount of sales tax revenue collected in the quality event area during the preceding year for purposes of the economic impact study required by Section 4 of this act. For purposes of computing the calculated average amount of monthly sales tax revenue collected as required by this paragraph with respect to a recurring event, the Oklahoma Tax Commission shall average total sales tax revenue collected by month but shall exclude revenue collected during the same month or months in a prior year during which the recurring event was conducted and if the event does not occur during the months of November or December, shall also exclude revenue collected during the immediately preceding November and December. The calculated average amount of monthly sales tax revenue shall be used to determine whether a recurring event produces incremental sales tax revenues for purposes of this act;

6. "New event" means a quality event which did not occur within a period of twenty-four (24) months prior to the month during which a quality event is held;

7. "Quality event" means a new event or a meeting of a nationally recognized organization or its members which is being located at a site chosen through a competitive site selection process in which at least one site not located in this state was considered;

8. "Quality event area" means a geographic area designated by a host community pursuant to Section 4 of this act determined to

realize direct economic benefit from the preparation for, occurrence of and activity occurring in connection with the dissolution of, a quality event; provided, the designated area shall never constitute an area greater than thirteen (13) miles from any property line of the primary property at which the quality event is located. For purposes of this act the property line shall be based on the legal description or survey of a single location determined by a host community to be the primary property for a quality event area;

9. "Recurring event" means a quality event which occurred at least once within the twenty-four (24) months prior to the month during which a quality event is held;

10. "Revenue capture period" means a time period beginning no earlier than two (2) days prior to the quality event date or the first day upon which the quality event occurs and ending no later than two (2) days after the conclusion of the quality event date or the last day upon which quality event activities occur;

11. "State sales tax revenue" means the proceeds from the state sales tax levy imposed pursuant to Section 1354 of Title 68 of the Oklahoma Statutes upon taxable transactions occurring within the quality event area during the authorized revenue capture period; and

12. "Vendors" means those persons or business entities making taxable sales of tangible personal property or services within a quality event area and, unless the context otherwise requires, shall have the same meaning as defined by Section 1352 of Title 68 of the Oklahoma Statutes.

SECTION 4. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 4304 of Title 68, unless there is created a duplication in numbering, reads as follows:

A. Not later than one (1) year prior to the initial date of a quality event, a host community may designate:

1. A geographic area as a quality event area;

2. A length of time as the revenue capture period; and

3. The type of expenses eligible for distribution of captured revenues to the host community including, but not limited to, advertising, facility rental, promotional materials and security.

B. Any designation made by a host community for purposes of this act shall be made pursuant to an ordinance or resolution duly adopted by the governing body of the host community.

C. A host community may only designate one quality event during a single designated revenue capture period for purposes of the payments authorized by this act.

D. Within ninety (90) days of the date on which the host community adopts an ordinance or resolution pursuant to subsection A of this section, such host community shall submit to the Oklahoma Tax Commission, on such forms as the Tax Commission may prescribe, a copy of such ordinance or resolution and an economic impact study.

E. Within ninety (90) days from the date of receipt of the information from the host community as required by subsection D of this section, the Tax Commission shall approve or disapprove, in whole or in part, the economic impact study for the purposes of this act. In making its determination, the Tax Commission shall consider whether or not the economic impact study contains the elements required in paragraph 2 of Section 3 of this act and whether or not the information provided is validly documented and based on generally accepted economic and statistical standards used for purposes of similar studies. The Oklahoma Department of Commerce and the Oklahoma Tourism and Recreation Department shall provide such assistance and information as requested by the Tax Commission to approve or disapprove an economic impact study.

SECTION 5. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 4305 of Title 68, unless there is created a duplication in numbering, reads as follows:

A. The host community shall provide to the Oklahoma Tax Commission detailed information disclosing the total amount of eligible local support amounts for purposes of determining the amount of incremental state sales tax revenue that may be paid to a host community in which a quality event occurs.

B. The Tax Commission shall verify the amount of eligible local support amounts prior to making any payment to a host community.

C. Within ninety (90) days after the conclusion of a quality event, the Tax Commission shall determine the amount of incremental state sales tax revenue remitted by vendors located within the designated quality event area.

D. The Tax Commission shall compare the total amount of eligible local support amounts with the total amount of incremental state sales tax revenues remitted by vendors located within the designated quality event area.

E. If the Tax Commission determines that the total amount of incremental state sales tax revenues is zero, no payment shall be made to a host community.

F. If the Tax Commission determines that the total amount of incremental state sales tax revenues is greater than zero, but less than the total amount of eligible local support amounts, the Tax Commission shall make payment, subject to the limitations of subsection I of this section, to the host community of the quality event in an amount equal to the incremental state sales tax revenues.

G. If the Tax Commission determines that the total amount of incremental state sales tax revenues is at least equal to the amount of eligible local support amounts, the Tax Commission shall make payment, subject to the limitations of subsection I of this section, to the host community in which the quality event occurs in an amount equal to, but not greater than, the eligible local support amounts.

H. No payment shall be made to any host community from a source other than the incremental state sales tax revenues, if any, derived from state sales tax remittances of vendors located within the applicable quality event area.

I. No payment shall be made to any host community in excess of Two Hundred Fifty Thousand Dollars ($250,000.00) for a single quality event regardless of the amount of eligible local support paid by the host community.

SECTION 6. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 4306 of Title 68, unless there is created a duplication in numbering, reads as follows:

No proceeds from the levy of any sales tax imposed by a county or a municipality shall be affected by the provisions of this act and the proceeds from any such levy shall be collected and remitted as required by the Oklahoma Sales Tax Code. The distribution of the revenues shall be made in accordance with all applicable requirements of law with respect to such sales tax levies.

SECTION 7. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 4307 of Title 68, unless there is created a duplication in numbering, reads as follows:

Notwithstanding any other provision of this act, total payments resulting from the provisions of the Oklahoma Quality Events Incentive Act to all host communities shall not exceed:

1. Two Million Dollars ($2,000,000.00) for the fiscal year ending June 30, 2013;

2. Two Million Five Hundred Thousand Dollars ($2,500,000.00) for the fiscal year ending June 30, 2014; and

3. Three Million Dollars ($3,000,000.00) for the fiscal year ending June 30, 2015.

SECTION 8. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 4308 of Title 68, unless there is created a duplication in numbering, reads as follows:

After the conclusion of a quality event for which the Oklahoma Tax Commission has given approval pursuant to subsection E of Section 4 of this act, and within the time limit prescribed by Section 5 of this act, the Tax Commission shall utilize the amount of incremental sales tax revenues derived from the levy of the state sales tax imposed pursuant to Section 1354 of Title 68 of the Oklahoma Statutes necessary to make payment to a host community based upon eligible local support payments according to the requirements of Section 5 of this act.

SECTION 9. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 4309 of Title 68, unless there is created a duplication in numbering, reads as follows:

The Oklahoma Tax Commission may promulgate such rules as may be necessary to implement the provisions of this act including, but not limited to, any rules governing the accuracy of the economic impact study.

SECTION 10. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 4310 of Title 68, unless there is created a duplication in numbering, reads as follows:

The Executive Director of the Oklahoma Department of Commerce shall make a report to the Governor, the Speaker of the House of Representatives and the President Pro Tempore of the Senate not later than December 1, 2013, and each December 1 thereafter if this act is in force and effect, regarding the effect and impact of the Oklahoma Quality Events Incentive Act.

SECTION 11. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 4311 of Title 68, unless there is created a duplication in numbering, reads as follows:

A. A county, city or town that enters into any contract, memorandum of understanding or other agreement with a person or lawfully recognized business entity while the Oklahoma Quality Events Incentive Act is in force and effect and in reliance upon the provisions of the Oklahoma Quality Events Incentive Act shall receive the payments provided by this act even if the Oklahoma Quality Events Incentive Act ceases to have the force and effect of law at any time subsequent to the execution of such contract, memorandum of understanding or agreement, including any amendments to such documents if the amendments are incorporated and adopted while the Oklahoma Quality Events Incentive Act is in force and effect.

B. Any person or lawfully recognized business entity that enters into a contract, memorandum of understanding or other agreement with another person or lawfully recognized business entity while the Oklahoma Quality Events Incentive Act is in force and effect and in reliance upon the provisions of the Oklahoma Quality

Events Incentive Act shall have the right to enforce the terms of such contract, memorandum of understanding or agreement with respect to any amount payable pursuant to the terms of the Oklahoma Quality Events Incentive Act as of the date upon which such contract, memorandum of understanding or agreement is executed, including any amendments to such documents if the amendments are incorporated and adopted while the Oklahoma Quality Events Incentive Act is in force and effect.

SECTION 12. This act shall become effective July 1, 2012.

Passed the Senate the 25th day of May, 2010.

Presiding Officer of the Senate

Passed the House of Representatives the 27th day of May, 2010.

Presiding Officer of the House
of Representatives

OFFICE OF THE GOVERNOR

Received by the Governor this 28th

day of May, 2010,

at 1:20 o'clock P M.

By: [signature]

Approved by the Governor of the State of Oklahoma the 7th day of

June, 2010, at 10:52 o'clock P M.

[signature]

Governor of the State of Oklahoma

OFFICE OF THE SECRETARY OF STATE

Received by the Secretary of State this

8th day of June, 2010,

at 4:38 o'clock P. M.

By: M. Susan Savage