An Act

ENROLLED SENATE
BILL NO. 317

By: Pemberton of the Senate

and

Sneed and Deck of the House

An Act relating to development incentives; amending 62 O.S. 2021, Section 860, which relates to the Local Development Act; requiring the governing body to submit an annual report for certain districts; providing date for submission; prescribing information to be included in report; and providing an effective date.

SUBJECT: Development incentives reporting

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

SECTION 1. AMENDATORY 62 O.S. 2021, Section 860, is amended to read as follows:

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

B. The governing body may grant incentives or exemptions from local taxation only on the new investment made. No ad valorem tax incentives or exemptions may be granted on the value of property which has been assessed or which is subject to assessment prior to the adoption of the project plan. No ad valorem tax incentives or exemptions authorized in this section may be granted for retail establishments. If a retail establishment is located in property which otherwise qualifies for an incentive or exemption pursuant to

this section, the incentive or exemption shall not be allowed for that portion of the property used for such retail establishment. As used in this subsection, "retail establishment" shall not include an establishment that provides lodging including but not limited to a hotel, apartment hotel, public rooming house, or motel. No ad valorem tax incentives or exemptions authorized in this section may be granted if the property is located in an increment district or as long as the property is subject to the ad valorem tax exemption for new or expanding manufacturing facilities as authorized by Section 6B of Article X of the Oklahoma Constitution. In the event of disposition by lease or sublease to a lessee not entitled to an ad valorem tax exemption, the improvements placed thereon shall not be entitled to an ad valorem tax exemption provided for in Section 850 et seq. of this title. Except as otherwise provided by this subsection, the incentives, or exemptions, which may be full or partial, may be granted for a period not to exceed five (5) years. With respect to an establishment, the business of which is described by U.S. Industry Number 518210 of the North American Industry Classification System (NAICS) Manual, 2017 revision, such incentives or exemptions may be granted for a period not to exceed twenty-five (25) years.

C. No incentives or exemptions may be granted to any business or firm that is relocating from within the state and is subject to or in the process of recruitment by two or more governmental entities within the state unless the governmental entity in which the business or firm does not locate adopts a resolution giving their approval to the granting of incentives or exemptions to the business or firm locating in the competing governmental entity. No incentives or exemptions may be granted to an out-of-state business or firm that is subject to or in the process of recruitment by two or more governmental entities within the state except as otherwise provided for in this subsection. The prohibition against incentives or exemptions to a business or firm relocating within the state may be waived upon application by the governing body to, and approval of, the Director of the Oklahoma Department of Commerce. In order for the Director to approve the waiver, the Director must find that the incentives or exemptions are necessary and sufficient to attract the business or firm and that the benefits generated by the business location outweigh the costs of the business location.

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

E. For increment districts in operation for nine (9) months or more, on or before the ninetieth day following the end of each fiscal year, the governing body of a city, town, or county shall submit a report to the Oklahoma Department of Commerce. The Department shall provide a copy of the report to any member of the public upon request. The disclosure report shall include the following information:

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

2. The amount and purpose of expenditures;

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

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

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

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

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

F. For those incentive districts in operation for nine (9) months or more, on or before the ninetieth day following the end of each fiscal year, the governing body of a city, town, or county shall submit a report to the Oklahoma Department of Commerce. The Department shall provide a copy of the report to any member of the public upon request. The disclosure report shall include the following information:

1. The parties receiving incentives or exemptions;

2. A general description of the property and the improvements to be made;

3. The portion and fair market value of the property to be exempted or that portion of the local taxes to be subject to incentives or to be exempted;

4. The duration of the incentives or exemptions;

5. Any additional information necessary to demonstrate compliance with the tax incentives or exemptions;

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

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

SECTION 2. This act shall become effective November 1, 2023.

Passed the Senate the 7th day of March, 2023.

Presiding Officer of the Senate

Passed the House of Representatives the 24th day of April, 2023.

Presiding Officer of the House of Representatives

OFFICE OF THE GOVERNOR

Received by the Office of the Governor this 25th day of April, 20 23, at 11:11 o'clock a. M.

By: [signature]

Approved by the Governor of the State of Oklahoma this 1st day of May, 20 23, at 6:20 o'clock p. M.

Governor of the State of Oklahoma

OFFICE OF THE SECRETARY OF STATE

Received by the Office of the Secretary of State this 1st day of May, 20 23, at 7:15 o'clock P. M.

By: [signature]