

OKLAHOMA TAX COMMISSION

**REVENUE IMPACT STATEMENT
FIRST REGULAR SESSION, FIFTY-EIGHTH OKLAHOMA LEGISLATURE**

DATE OF IMPACT STATEMENT: March 3, 2021

BILL NUMBER: SB 71 **STATUS AND DATE OF BILL:** Engrossed 3/2/2021

AUTHORS: House McDugle Senate Bergstrom

TAX TYPE (S): Sales

SUBJECT: Oklahoma Local Development and Enterprise Zone Incentive Leverage Act

PROPOSAL: Amendatory

Engrossed Senate Bill 71 amends the *Oklahoma Local Development and Enterprise Zone Incentive Leverage Act*, specifically 62 O.S. §§ 842 and 847.

EFFECTIVE DATE: November 1, 2021

REVENUE IMPACT:

Insert dollar amount (plus or minus) of the expected change in state revenues due to this proposed legislation.

FY 22: None.

FY 23: None.

Mar. 4, 2021
DATE

Rick Miller
DIVISION DIRECTOR

lrh

3/4/2021
DATE

Huan Gong
HUAN GONG, ECONOMIST

3/4/21
DATE

[Signature]
FOR THE COMMISSION

The revenue impact provided herein is an estimate of the potential impact on the collection or apportionment of tax revenues affected by the proposed legislation. It is not intended to be an estimate of the overall fiscal impact on the state budget if the proposed legislation is enacted.

ATTACHMENT TO REVENUE IMPACT: SB 71 [Engrossed] Prepared 3/3/21

Engrossed Senate Bill 71 amends the *Oklahoma Local Development and Enterprise Zone Incentive Leverage Act*, specifically 62 O.S. §§ 842 and 847.

Current Law:

The *Oklahoma Local Development and Enterprise Zone Incentive Leverage Act* (62 O.S. § 840 et. al), provides funding for local governments to match local tax revenue dedicated to support economic development projects. This program, uses a portion of State taxes levied and collected to pay local enterprise and local government incentive claims and is intended to be fiscally neutral to the State. Eligible projects must be located entirely in an enterprise zone, in support of a major tourism destination or in support of a military growth impact. Gambling establishments and developments where more than 50% of the net leasable space will be used for retail are not eligible for local government matching payments.

To be eligible for local government matching payments, the local government provides the Oklahoma Tax Commission (OTC) with a certification that the local government has created a tax increment district which qualifies for matching payments. After the local government provides the certification, the OTC makes payment to the public entity in an amount equal to the lesser of (1) the certified amount of the local sales taxes apportioned during the previous 6 months; or (2) the estimated net direct state benefits.

The OTC's primary responsibility related to the program is payment of incentives to the qualified businesses and public entities.

Proposed Law:

This measure requires the Oklahoma Department of Commerce (Commerce) to promulgate rules for the administration of the *Oklahoma Local Development and Enterprise Zone Incentive Leverage Act*. The rules are to establish reporting requirements for successful applicants which allow data collection and analysis by Commerce on employment, capital investment, changes in assessed value of a project and other impacts resulting from payments and reporting of such data by the Department to the OTC.

The OTC will prepare a report separately identifying the amounts of state local enterprise matching payments and state local government matching payments¹ made and data collection and analysis prepared by the Commerce. The OTC shall submit the report prior to April 1 each year to the Governor, the Speaker of the House of Representatives and the President Pro Tempore of the Senate.

No change in state tax revenue is expected as a result of this proposal.

¹ 62 O.S. §844