

1 **HOUSE OF REPRESENTATIVES - FLOOR VERSION**

2 STATE OF OKLAHOMA

3 1st Session of the 56th Legislature (2017)

4 HOUSE BILL 1532

 By: Montgomery

7 AS INTRODUCED

8 **[public finance - Incentive Evaluation Act -**
9 **criteria for evaluation of incentives - effective**
10 **date]**

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

14 SECTION 1. AMENDATORY Section 5, Chapter 184, O.S.L.
15 2015 (62 O.S. Supp. 2016, Section 7005), is amended to read as
16 follows:

17 Section 7005. A. The Commission may contract with a private
18 company, nonprofit, or academic institution to assist with
19 evaluation of each incentive. The Commission shall develop a scope
20 of services for a request for proposals issued pursuant to The
21 Oklahoma Central Purchasing Act, Section 85.1 et seq. of Title 74 of
22 the Oklahoma Statutes, for professional services necessary to
23 complete incentive evaluations pursuant to the Incentive Evaluation
24 Act. The cost of such contract shall be paid by the Office of

1 Management and Enterprise Services. No recipient or potential
2 recipient of an incentive or representative of a recipient or
3 potential recipient shall contact the entity or individual with whom
4 the Commission contracts pursuant to this subsection unless the
5 entity or individual specifically requests information or
6 documentation for purposes of the incentive evaluation process;
7 provided, this shall not be construed to prevent participation in a
8 public hearing conducted pursuant to subsection B of this section.

9 B. By November 1 of each year beginning in 2016, the Commission
10 or the Commission's chosen contractor shall evaluate each incentive
11 scheduled for review that year. The Commission or the Commission's
12 chosen contractor shall conduct each incentive evaluation in
13 consultation with the Oklahoma Department of Commerce division of
14 Research and Economic Analysis Services using criteria developed
15 pursuant to subsection D of this section. Between November 1 and
16 November 30 of each year beginning in 2016, the Commission shall
17 hold at least one public meeting to review, allow for public
18 comment, and vote to approve or disapprove each incentive evaluation
19 conducted that year. By December 15 of each year beginning in 2016,
20 the Commission shall provide the results of each incentive
21 evaluation in a written report to the Governor, President Pro
22 Tempore of the Senate and Speaker of the House of Representatives.
23 The report shall be made publicly available on the Oklahoma
24 Department of Commerce website and *documents.ok.gov*.

1 C. Each evaluation shall include the following:

2 1. An estimate of the economic and fiscal impact of the
3 incentive. This estimate shall take into account the following
4 considerations in addition to other relevant factors:

5 a. the extent to which the incentive changes business
6 behavior,

7 b. the results of the incentive for the economy of
8 Oklahoma as a whole. This consideration includes both
9 positive direct and indirect impacts and any negative
10 effects on other Oklahoma businesses, and

11 c. a comparison to the results of other incentives or
12 other economic development strategies with similar
13 goals;

14 2. An assessment of whether adequate protections are in place
15 to ensure the fiscal impact of the incentive does not increase
16 substantially beyond the state's expectations in future years;

17 3. An assessment of whether the incentive is being administered
18 effectively;

19 4. An assessment of whether the incentive is achieving its
20 goals;

21 5. Recommendations for how Oklahoma can most effectively
22 achieve the incentive's goals, including recommendations on whether
23 the incentive should be retained, reconfigured or repealed; and
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1 6. Recommendations for any changes to state policy, rules, or
2 statutes that would allow the incentive to be more easily or
3 conclusively evaluated in the future. These recommendations may
4 include changes to collection, reporting and sharing of data, and
5 revisions or clarifications to the goal of the incentive.

6 D. Evaluation criteria shall be developed for each incentive
7 evaluated by the Commission. Each incentive shall be evaluated
8 using criteria specific to the individual incentive. The criteria
9 shall be developed through the administrative rulemaking process
10 pursuant to the Administrative Procedures Act, Section 250 et seq.
11 of Title 75 of the Oklahoma Statutes, and codified in the
12 administrative code of the Oklahoma Department of Commerce.

13 Evaluation criteria developed as required by this subsection shall
14 include requirements for analysis of the salaries and other forms of
15 compensation paid to employees of the business entity which benefits
16 from an incentive. The information shall include salary ranges for
17 the employees of the business entity and shall separately identify
18 other forms of compensation for the employees of the business
19 entity. The evaluation criteria shall include the number of jobs
20 either created or retained as a result of the incentive and a
21 computation of the average salary paid to employees whose job was
22 either created or retained as a result of the incentive.

23 E. At the request of the Incentive Evaluation Commission, state
24 agencies shall provide any records, information, data, or data

1 analysis necessary for the Commission or contractors to effectively
2 evaluate incentives. The Commission and contractors shall not
3 disclose or release any data received from other state agencies,
4 except as permitted under law.

5 SECTION 2. This act shall become effective November 1, 2017.

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7 COMMITTEE REPORT BY: COMMITTEE ON APPROPRIATIONS AND BUDGET, dated
8 03/02/2017 - DO PASS, As Amended.

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