

1 **SENATE FLOOR VERSION**

February 26, 2024

2 **AS AMENDED**

3 SENATE BILL NO. 1863

By: Stewart

4
5
6 **[incentives - Local Development Act - districts -
effective date]**

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8
9 BE IT ENACTED BY THE PEOPLE OF THE STATE OF OKLAHOMA:

10 SECTION 1. AMENDATORY 62 O.S. 2021, Section 856, is
11 amended to read as follows:

12 Section 856. A. The governing body shall designate and adopt
13 the proposed boundaries of any district and the proposed boundaries
14 of any project area. Except as otherwise provided in this
15 subsection, any districts created by a city or town shall be
16 confined to that territory within the corporate limits of such city
17 or town and any districts created by a county shall be confined to
18 that territory within the ~~unincorporated areas of the~~ county. Any
19 city, town, or county may by agreement jointly create a district
20 with another entity.

21 B. Upon the adoption and approval of the project plan, the
22 governing body shall adopt an ordinance or resolution, whichever is
23 applicable, which:

- 1 1. Describes the boundaries of districts and project areas
2 sufficiently definite to identify with ordinary and reasonable
3 certainty the territory included in them;
- 4 2. Creates the district as of a date provided in it or defers
5 determination of such date, provided such date must be no more than
6 ten (10) years after the date of approval of the project plan;
- 7 3. Assigns a name to the district for identification purposes.
8 The first district created shall be known as either an Incentive
9 District or Increment District Number One, City, Town, or County of
10 _____, whichever is applicable. Each subsequently created
11 district shall be appropriately named and shall be assigned the next
12 consecutive number; and
- 13 4. Contains findings that:
- 14 a. the project area or district meets at least one of the
15 following criteria:
- 16 (1) is a reinvestment area,
17 (2) is a historic preservation area,
18 (3) is an enterprise area, or
19 (4) is a combination of the areas specified in
20 divisions (1), (2), and (3) of this subparagraph,
- 21 b. the improvement of the area is likely to enhance the
22 value of other real property in the area and to
23 promote the general public interest. It shall not be
24

1 necessary to identify the specific parcels meeting the
2 criteria,

3 c. the guidelines specified in paragraphs 1 and 2 of
4 Section 852 of this title shall be followed,

5 d. the aggregate net assessed value of the taxable
6 property in all districts as determined pursuant to
7 Section 862 of this title within the city or town
8 shall not exceed twenty-five percent (25%) of the
9 total net assessed value of taxable property within
10 the city or town for cities or towns having a
11 population of fifty thousand (50,000) or more or shall
12 not exceed thirty-five percent (35%) of the total net
13 assessed value of taxable property within the city or
14 town for cities or towns having a population of less
15 than fifty thousand (50,000),

16 e. for projects approved by a county, the aggregate net
17 assessed value of the taxable property in all
18 districts as determined pursuant to Section 862 of
19 this title within the county shall not exceed fifteen
20 percent (15%) of the total net assessed value of the
21 taxable property within the county,

22 f. the aggregate net assessed value of the taxable
23 property in all districts as determined pursuant to
24 Section 862 of this title within the city, the town,

1 or the county shall not exceed twenty-five percent
2 (25%) of the total net assessed value of any affected
3 school district located within the city, town, or
4 county, and

5 g. the land area of this district and all other districts
6 within the city, the town, or the county shall not
7 exceed twenty-five percent (25%) of the total land
8 area of the city, the town, or the county.

9 For districts that are wholly or partially comprised or become
10 comprised of industries operating under NAICS code 518210, the
11 provisions of subparagraphs d through g of this paragraph shall not
12 apply.

13 C. It is the intention of the Legislature in adopting the Local
14 Development Act that no long-term contractual obligation be created
15 by the mere adoption of an ordinance or resolution establishing an
16 increment district. Notwithstanding any provision contained in an
17 ordinance, resolution, or project plan, an ordinance or resolution
18 establishing an increment district shall constitute a legislative
19 act and may be repealed, modified, or amended at any time during the
20 term of the increment district, by subsequent action of the
21 governing body except as otherwise authorized pursuant to Sections
22 854 and 863 of this title; provided, however, that no such ordinance
23 shall be repealed, modified, or amended during the time that any
24 bonds payable from incremental revenues are outstanding without the

1 consent of the bondholders, if such bonds are issued pursuant to the
2 provisions of Article X, Section 35 of the Oklahoma Constitution
3 following its amendment by State Question No. 693.

4 D. However, nothing in the Local Development Act shall restrict
5 the ability of:

6 1. Any city, town, or county to:

7 a. issue debt in accordance with the applicable
8 provisions of Article X of the Oklahoma Constitution,
9 and any statutes enacted in connection therewith, and

10 b. use incremental revenues derived from an increment
11 district to pay principal, interest, or premium
12 associated with such indebtedness; or

13 2. Any public entity, other than a city, town, or county, to:

14 a. issue tax apportionment bonds or notes in accordance
15 with Section 863 of this title or to issue other types
16 of revenue bonds or notes in accordance with other
17 applicable provisions of Oklahoma law, and

18 b. use incremental revenues derived from an increment
19 district to pay principal, interest, or premium
20 associated with such indebtedness.

21 SECTION 2. This act shall become effective November 1, 2024.

22 COMMITTEE REPORT BY: COMMITTEE ON FINANCE
23 February 26, 2024 - DO PASS

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