

1 **HOUSE OF REPRESENTATIVES - FLOOR VERSION**

2 STATE OF OKLAHOMA

3 2nd Session of the 57th Legislature (2020)

4 COMMITTEE SUBSTITUTE
5 FOR
6 HOUSE BILL NO. 1031

By: Martinez

7
8 COMMITTEE SUBSTITUTE

9 An Act relating to public finance; amending Section
10 2, Chapter 184, O.S.L. 2015 (62 O.S. Supp. 2019,
11 Section 7002), which relates to the Incentive
12 Evaluation Commission; defining terms; requiring
13 Commission to initiate certain evaluation by
14 specified date; establishing parameters for
15 evaluation; authorizing Commission to contract for
16 assistance and setting conditions therefor;
17 prohibiting certain contact; requiring
18 recommendations by specified date; requiring
19 assistance by state agencies; prohibiting disclosure
20 of certain data; providing for codification; and
21 providing an effective date.

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

23 SECTION 1. AMENDATORY Section 2, Chapter 184, O.S.L.
24 2015 (62 O.S. Supp. 2019, Section 7002), is amended to read as
25 follows:

26 Section 7002. As used in this act, ~~"incentive"~~ is:

27 1. "Incentive" means a tax credit, tax exemption, tax
28 deduction, tax expenditure, rebate, grant, or loan that is intended

1 to encourage businesses to locate, expand, invest, or remain in
2 Oklahoma, or to hire or retain employees in Oklahoma; and

3 2. "Tax structure" means the:

- 4 a. rate and base for any and all tax types levied by the
5 state and its political subdivisions including the
6 overall impact of any exemptions, deductions, credits
7 or other forms of relief to individuals or businesses,
- 8 b. amount of revenue generated from a given tax including
9 year-to-year changes and the proportion such revenue
10 represents of the total, and
- 11 c. administration and enforcement of the taxes.

12 SECTION 2. NEW LAW A new section of law to be codified
13 in the Oklahoma Statutes as Section 7004A of Title 62, unless there
14 is created a duplication in numbering, reads as follows:

15 A. In addition to its other statutory duties, before January 1,
16 2021, the Incentive Evaluation Commission shall initiate a
17 systematic evaluation of the Oklahoma tax structure which shall
18 include, but not be limited to:

19 1. The ability of the tax structure to provide appropriate and
20 timely revenue, distribute tax burdens fairly and equitably, promote
21 efficiency and growth, reduce administrative costs and inefficiency
22 and ensure accountability to taxpayers and recipients of revenue;

1 2. A review of applicable constitutional and statutory
2 provisions, agency rules and procedures within the tax structure for
3 any tax types;

4 3. A comparison of the tax structure of this state and other
5 jurisdictions; and

6 4. A list of recommendations for any changes in the tax
7 structure which will allow the state to promote growth and fund
8 essential and necessary services.

9 B. The Commission may contract with a private company,
10 nonprofit or academic institution to assist with evaluation of the
11 state tax structure. The Commission shall develop a scope of
12 services for a request for proposals issued pursuant to The Oklahoma
13 Central Purchasing Act, Section 85.1 et seq. of Title 74 of the
14 Oklahoma Statutes, for professional services necessary to complete
15 the evaluation of the state tax structure. The cost of such
16 contract shall be paid by the Office of Management and Enterprise
17 Services. No recipient or potential recipient of an incentive or
18 representative of a recipient or potential recipient shall contact
19 the entity or individual with whom the Commission contracts pursuant
20 to this subsection unless the entity or individual specifically
21 requests information or documentation for purposes of the evaluation
22 process; provided, this shall not be construed to prevent
23 participation in a public hearing, if applicable.

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1 C. The Commission shall provide recommendations to the
2 Governor, President Pro Tempore of the Senate and Speaker of the
3 House of Representatives by December 31, 2021.

4 D. At the request of the Incentive Evaluation Commission, state
5 agencies shall provide any records, information, data or data
6 analysis necessary for the Commission or contractors to effectively
7 evaluate the state tax structure. The Commission and contractors
8 shall not disclose or release any data received from other state
9 agencies, except as permitted under law.

10 SECTION 3. This act shall become effective November 1, 2020.

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12 COMMITTEE REPORT BY: COMMITTEE ON GOVERNMENT EFFICIENCY, dated
13 02/19/2020 - DO PASS, As Amended.

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