

An Act

ENROLLED HOUSE
BILL NO. 3959

By: Echols and May of the House

and

Treat of the Senate

An Act relating to rebate payment; creating the Oklahoma Five Major Sports Leagues Rebate Program Act; providing rebate payments for certain establishments related to professional sports; defining term; prescribing requirements for qualification for rebate payments; providing for cost-benefit analysis; providing for repayment of rebates based on certain circumstances; providing for transfer of certain monies to the Oklahoma Quick Action Closing Fund; prescribing procedures for claims; providing for cessation of payments under certain circumstances; imposing maximum limit on rebate payments; prescribing method of payment; creating the Oklahoma Five Major Sports Leagues Rebate Payment Fund; providing for apportionment of revenues; providing for expenditures and prescribing procedures related thereto; providing for noncodification; providing for codification; and providing an effective date.

SUBJECT: Rebate payment

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

SECTION 1. NEW LAW A new section of law not to be codified in the Oklahoma Statutes reads as follows:

This act shall be known and may be cited as the "Oklahoma Five Major Sports Leagues Rebate Program Act".

SECTION 2. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 3951 of Title 68, unless there is created a duplication in numbering, reads as follows:

A. An establishment which meets the qualifications specified in the Oklahoma Five Major Sports Leagues Rebate Program Act may receive quarterly rebate payments from the Oklahoma Tax Commission pursuant to the provisions of the Oklahoma Quality Jobs Program Act; provided, such an establishment defined or classified in the NAICS Manual under U.S. Industry No. 711211 (2007 version) and which is a professional sports team from one of the five major sports leagues (National Football League, or NFL; National Basketball Association, or NBA; National Hockey League, or NHL; Major League Baseball, or MLB; and Major League Soccer, or MLS) may receive quarterly rebate payments for the period of time that the establishment is located and performs in this state. The amount of payment shall be equal to the net benefit rate multiplied by the actual gross payroll of sports-league jobs for a calendar quarter as verified by the Oklahoma Employment Security Commission.

1. Any establishment or entity with a NAICS code classified as 711211 and which is a professional sports team from one of the five major sports leagues (NFL, NBA, NHL, MLB, and MLS) that entered into a contract for the Quality Jobs Incentive Program with the Oklahoma Department of Commerce shall only be eligible to qualify for this program once the Quality Jobs contract expires or is terminated.

2. Based upon the effective date upon which the first rebate payment is to be received, an establishment or entity may receive quarterly rebate payments. However, the total yearly (or four consecutive) rebate payments shall not exceed Ten Million Dollars (\$10,000,000.00) in any single year.

3. As used in this act, "sports-league jobs" means:

- a. full-time-equivalent employment in this state in an establishment which has qualified to receive a payment pursuant to the provisions of the Oklahoma Five Major Sports Leagues Rebate Program Act, and
- b. shall include full-time-equivalent employment in this state of employees who are employed by an employment agency or similar entity other than the establishment which has qualified to receive a payment and who are leased or otherwise provided under contract to the

qualified establishment if the job otherwise qualifies as a sports-league job.

Sports-league jobs shall not include compensation paid to an employee or independent contractor for an athletic contest conducted in the state if the compensation is paid by an entity that does not have its principal place of business in the state or that does not own real or personal property having a market value of at least One Million Dollars (\$1,000,000.00) located in the state, and the employees or independent contractors of such entity are compensated to compete against the employees or independent contractors of an establishment that qualifies for rebate payments pursuant to this act and which is organized under Oklahoma law or that is lawfully registered to do business in the state and which does have its principal place of business located in the state and owns real or personal property having a market value of at least One Million Dollars (\$1,000,000.00) located in the state.

B. In order to receive rebate payments, an establishment shall apply to the Oklahoma Department of Commerce. The application shall be on a form prescribed by the Department and shall contain such information as may be required by the Department to determine if the applicant is qualified.

C. Except as otherwise provided by this section, in order to qualify to receive payments, the establishment applying shall be required to:

1. Have an annual gross payroll for sports-league jobs projected by the Department to equal or exceed Ten Million Dollars (\$10,000,000.00) within one (1) year of the first complete calendar quarter following the start date; and

2. Have a number of full-time-equivalent employees subject to the tax imposed by Section 2355 of Title 68 of the Oklahoma Statutes and working an annual average of thirty (30) or more hours per week in sports-league jobs located in this state equal to or in excess of eighty percent (80%) of the total number of sports-league jobs.

D. Upon approval of an application, the Department shall notify the Tax Commission and shall provide it with a copy of the contract and the results of the cost-benefit analysis. The Tax Commission may require the qualified establishment to submit additional information as may be necessary to administer the provisions of the Oklahoma Five Major Sports Leagues Rebate Program Act. The approved

establishment shall file quarterly claims with the Tax Commission and shall continue to file such quarterly claims during the period in which the establishment or entity from one of the five major sports leagues is located and performs in this state to show its continued eligibility for rebate payments, or until it is no longer qualified to receive rebate payments. The establishment or entity may be audited by the Tax Commission to verify eligibility. Once the establishment or entity is approved, an agreement shall be deemed to exist between the establishment and this state, requiring the continued rebate payment to be made as long as the establishment or entity retains its eligibility as defined in and established pursuant to this section and within the limitations contained in the Oklahoma Five Major Sports Leagues Rebate Program Act, which existed at the time of approval. An establishment or entity described in this subsection shall be required to repay all rebate payments received under the Oklahoma Five Major Sports Leagues Rebate Program Act if the establishment or entity is determined by the Tax Commission to no longer have business operations in the state within three (3) years from the beginning of the calendar quarter for which the first rebate payment claim is filed.

E. For any contract executed by an establishment or entity pursuant to this act, five percent (5%) of the quarterly rebate payment amount shall be transferred by the Tax Commission to the Oklahoma Quick Action Closing Fund.

SECTION 3. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 3952 of Title 68, unless there is created a duplication in numbering, reads as follows:

A. As soon as practicable after the end of the first complete calendar quarter following the start date, the establishment or entity shall file a claim for the payment with the Oklahoma Tax Commission and shall specify the actual number and gross payroll of sports-league jobs for the establishment or entity for the calendar quarter. The Tax Commission shall verify the actual gross payroll for sports-league jobs for the establishment for such calendar quarter. If the Tax Commission is not able to provide verification utilizing all available resources, the Tax Commission may request additional information from the establishment or entity as may be necessary or may request the establishment to revise its claim. An establishment or entity may file for an extension of the initial filing date with the Oklahoma Department of Commerce. Any such extension shall be based solely upon an extraordinary adverse business circumstance which prevented the establishment or entity

from hiring the sports-league jobs as projected. If an establishment or entity fails to file claims as required by this section, it shall forfeit the right to receive any rebate payments after one (1) year from the start date. If an establishment or entity has filed at least one claim pursuant to this section but fails to file another claim within two (2) years of the most recent claim, the Tax Commission, after consulting with the Oklahoma Department of Commerce, may dismiss the establishment from the program, forfeiting the right of the establishment or entity to receive rebate payments based on that contract.

B. If the actual verified gross payroll for four (4) consecutive calendar quarters does not equal or exceed the applicable total required by this act within three (3) years of the start date, or does not equal or exceed the applicable total required by Section 3604 of Title 68 of the Oklahoma Statutes at any other time during the entire period after the start date for establishments defined or classified in the NAICS Manual under U.S. Industry No. 711211 (2007 version) and which are a professional sports team from one of the five major sports leagues (NFL, NBA, NHL, MLB, and MLS), the rebate payments shall not be made and shall not be resumed until such time as the actual verified gross payroll equals or exceeds the applicable amounts specified in Section 3604 of Title 68 of the Oklahoma Statutes. If an establishment fails to achieve the required gross payroll within three (3) years of the start date, the establishment shall not make a new or renewal application for rebate payments authorized pursuant to the Oklahoma Five Major Sports Leagues Rebate Program Act for a period of twelve (12) months from the last day of the last month of the three-year period during which the required gross payroll amount was not achieved.

C. In no event shall rebate payments cumulatively exceed the estimated net direct state benefits or Ten Million Dollars (\$10,000,000.00) in four (4) consecutive quarters.

D. As soon as practicable after verification of the actual gross payroll as required by this section, the Tax Commission shall issue a warrant to the establishment in the amount of the net benefit rate multiplied by the actual gross payroll as determined pursuant to subsection A of this section for the calendar quarter.

SECTION 4. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 3953 of Title 68, unless there is created a duplication in numbering, reads as follows:

There is hereby created within the State Treasury a special fund for the Oklahoma Tax Commission to be designated the "Oklahoma Five Major Sports Leagues Rebate Payment Fund". The Tax Commission is hereby authorized and directed to withhold a portion of the taxes levied and collected pursuant to Section 2355 of Title 68 of the Oklahoma Statutes for deposit into the fund. The amount deposited shall equal the sum of an amount determined by multiplying the net benefit rate provided by the Oklahoma Department of Commerce by the gross payroll as determined pursuant to the provisions of this act. All the amounts deposited in the fund shall be used and expended by the Tax Commission solely for the purposes and in the amounts authorized by the Oklahoma Five Major Sports Leagues Rebate Program Act. The liability of the State of Oklahoma to make the rebate payments under this act shall be limited to the balance contained in the fund created by this section.

SECTION 5. This act shall become effective November 1, 2024.

Passed the House of Representatives the 7th day of May, 2024.

Presiding Officer of the House
of Representatives

Passed the Senate the 24th day of April, 2024.

Presiding Officer of the Senate

OFFICE OF THE GOVERNOR

Received by the Office of the Governor this _____

day of _____, 20_____, at _____ o'clock _____ M.

By: _____

Approved by the Governor of the State of Oklahoma this _____

day of _____, 20_____, at _____ o'clock _____ M.

Governor of the State of Oklahoma

OFFICE OF THE SECRETARY OF STATE

Received by the Office of the Secretary of State this _____

day of _____, 20_____, at _____ o'clock _____ M.

By: _____