



## CITY OF NORMAN, OK STAFF REPORT

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**MEETING DATE:** 05/16/2023

**REQUESTER:** Jason Olsen, Director of Parks and Recreation

**PRESENTER:** Jason Olsen, Director of Parks and Recreation

**ITEM TITLE:** CONSIDERATION OF ACCEPTANCE, APPROVAL, REJECTION, AMENDMENT, AND/OR POSTPONEMENT OF RESOLUTION R-2223-137: A RESOLUTION OF THE COUNCIL OF THE CITY OF NORMAN, OKLAHOMA, DECLARING THE 2023 KORN FERRY TOUR COMPLIANCE SOLUTIONS CHAMPIONSHIP GOLF TOURNAMENT TO BE HELD IN THE CITY OF NORMAN FROM JUNE 19 THROUGH JUNE 23, 2023, AS A QUALITY EVENT FOR THE PURPOSE OF APPLYING FOR TAX INCENTIVES AVAILABLE PURSUANT TO THE STATE OF OKLAHOMA'S QUALITY EVENTS INCENTIVES ACT; IDENTIFYING ELIGIBLE EXPENSES; AND ASSIGNING ANY PAYMENTS MADE TO THE CITY PURSUANT TO THE QUALITY EVENTS INCENTIVES ACT TO VISITNORMAN FOR THE PROMOTION OF QUALIFYING EVENTS.

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### **BACKGROUND:**

During the 2010 legislative session, the Oklahoma Legislature enacted and the governor signed the Oklahoma Quality Events Incentives Act ("Act"), 68 O.S. §4301, et seq., which became effective July 1, 2012. The Act was amended effective July 1, 2018 and extended through June 30, 2026.

The intent of the program created by the Act is to capture the incremental state sales tax generated by a qualifying quality event and use the incremental revenue collected to promote and compete for the large quality events. The reason for this is that the legislation declares and recognizes that certain quality events have a significant economic impact on the state, and therefore, it is in the best interest of the State to assist with the promotion of such quality events.

The legislation recognizes that cities and local communities are competing with other jurisdictions outside of the state to bring in the quality events and the legislature recognizes that the qualifying events must have chosen their Oklahoma location over other out-of-state competitors based in part on the promotional efforts and incentives provided by the local communities and cities. A "Quality event" under the Act includes new events or meetings of a nationally recognized organization or its members, new or existing events that are a national, international or world championship, or new or existing events that are managed or produced by an Oklahoma-based national or international organization.

The Act provides that the City, as a host community, shall provide to the Oklahoma Tax Commission (“OTC”) detailed information disclosing the total amount of “eligible local support” for purposes of determining the amount of incremental state sales tax revenue that may be paid to the City under the provisions of the Act. The phrase “eligible local support” means any payment made by a certified sponsor, to a for-profit or nonprofit entity, other than the host community, for the purpose of attracting, promoting, advertising, organizing, conducting or otherwise supporting a quality event.

The process established by the OTC for the Quality Events Incentive Program requires that each participating city or host community designate each quality event with adoption of an event-related resolution. The event-related resolution must contain designation of the following:

- 1) Dates during which a quality event will be hosted; and
- 2) The type of expenses eligible for distribution of captured revenues to the host community including, but not limited to, advertising, facility rental, promotional materials and security.

### **DISCUSSION:**

The Korn Ferry Tour is the developmental tour for the U.S.-based PGA Tour, and features professional golfers who have either not yet reached the PGA Tour, or who have done so but then failed to win enough FedEx Cup points to stay at that level. Those who are on the top 25 of the money list at year's end are given PGA Tour memberships for the next season. Since the 2013 season, the Korn Ferry Tour has been the primary pathway for those seeking to earn their PGA Tour card. Q-School, which had previously been the primary route for qualification to the PGA Tour, has been converted to an entryway to the Korn Ferry Tour. This satellite tour was formalized by the PGA Tour in 1990 and became the Korn Ferry Tour in 2019.

Korn Ferry Tour tournaments operate similarly to typical PGA Tour tournaments in that they are all 72-hole stroke play events with a cut made after 36 holes. The cut on the Korn Ferry Tour is for the top 65 players and ties, unlike 70 for the PGA Tour. The fields are usually 144 or 156 players, depending on time of year (and available daylight hours). As with the PGA Tour, the winner of the tournament will get a prize of 18% of the total purse. The purse for the 2023 Compliance Solutions Championship is \$1,000,000. This event will be hosted at the Jimmie Austin Golf Club at the University of Oklahoma.

Resolution R-2223-137 meets the requirements of the Quality Events Incentive Act. When submitted to the OTC, it will be submitted with an economic impact study. The economic impact study will estimate the anticipated increase in state sales tax revenue directly attributable to the quality event. VisitNorman has agreed to complete the economic impact study and assist with the application. Should the Oklahoma Tax Commission determine that the City is eligible to receive a payment under the Act, Resolution R-2223-137 provides that the City will assign such payment to VisitNorman to promote quality events.

### **RECOMMENDATION:**

Staff recommends that Council approve Resolution R-2223-137.