

**2010 Report**

**Of the**

**Incentive Review Committee**

Submitted to:

The Honorable Mary Fallin  
Governor of the State of Oklahoma

The Honorable Brian Bingman  
President Pro Tempore  
Oklahoma State Senate

The Honorable Kris Steele  
Speaker  
Oklahoma House of Representatives

The Honorable Jeffrey Hickman  
Speaker Pro Tempore  
Oklahoma House of Representatives

April 29, 2011

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Dear Governor Fallin, Senator Bingman and Representatives Steele and Hickman:

The Incentive Review Committee (IRC) has taken the charge delegated to the committee by Senate Bill 1516 enacted during the 2004 legislative session to select a specific tax type each year and conduct a thorough analysis of specific tax preferences within that tax.

In 2010, the committee studied several insurance premium tax credits and other incentive programs. In addition, the committee heard information from several individuals regarding the purposes and uses of these credits. The following report outlines the findings of the IRC.

Respectfully Submitted,

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## I. Introduction & Committee Background

In the summer of 2003, Governor Brad Henry convened the Economic Development Generating Excellence (EDGE) Commission to examine issues facing Oklahoma across the economic and political landscape and recommend a plan of action to address those issues. One of the recommendations of the team that was adopted into the formal EDGE Action Plan was as follows:

“Putting in place a system to quantify the costs and benefits of existing incentives and tax credits. The state should systematically quantify the costs and benefits of all current and proposed business incentives and tax credits to determine whether they effectively encourage the type of business behavior they seek to stimulate.”

As a result of this recommendation, the Oklahoma State Legislature enacted Senate Bill 1516 (SB1516) in the 2004 legislative session. SB1516 created the Incentive Review Committee (IRC) and charged it with conducting a review of existing tax incentives in Oklahoma. To this end, the bill directs the IRC to annually select a particular section of State tax code, and within that code to choose which incentives it will review in the given year. The review is required to include the following information.

1. An identification of the purpose of the tax incentive;
2. A determination of whether the potential revenue impact on the state can be quantified and if so, an estimate of the potential revenue impact on the state;
3. A determination of whether the economic gain to the state can be quantified and if so, an estimate of the economic gain measured in jobs, wages, investments, or other economic criteria;
4. An estimate of the effect on the distribution of the tax burden;
5. An estimate of the number of taxpayers receiving the benefit;
6. A determination of the growth potential of the industry eligible to claim the incentive;
7. A determination of the effectiveness in achieving the desired objective;
8. A determination of whether the tax incentive is the most fiscally effective means of achieving its stated purpose;
9. An analysis of the costs and burdens of administration;
10. An analysis of the competitive position of Oklahoma relative to other states with similar incentives;
11. A determination of the effectiveness of evoking a change in taxpayer behavior; and
12. A public hearing, at which persons receiving the incentives reviewed, or other interested parties, may testify.

## II. Incentives Reviewed in 2010

During 2010, the IRC reviewed the following two incentives considering the 9 Principles of Sound Tax Incentives listed in Section III of this report when at all possible. *Appendix A* to this report is the committee's list of Oklahoma Incentives.

### 1. Insurance Premium Tax Credit (36 O.S. §625.1)

The committee asked for data which reflect the various credits against the insurance premium tax. A report by the Oklahoma Insurance Department showed the following credits were made against the insurance premium tax for calendar years 2008 & 2009:

<b>Oklahoma Insurance Department Premium Tax Collections and Credits</b>		
	<b>CY 2008</b>	<b>CY 2009</b>
Premium Tax Collected	159,259,893	162,705,426
Refunds	9,657,239	7,312,869
<b>Net Premium Tax Collected</b>	<b>149,602,654</b>	<b>155,392,557</b>
Credits Taken		
PSA**	3,031,518	3,488,809
Flood**	3,230,587	3,870,639
Life Guaranty	1,185,465	1,365,066
P&C Guaranty	9,963,179	9,533,975
Coal	10,149,076	6,007,014
Home Office	12,512,893	14,673,798
Rural Business	3,924,430	4,850,061
Small Business	8,215,721	9,779,735
Historical Building Rehab	4,654,421	10,607,699
Venture Capital	1,045,904	414,300
Franchise Tax	262	931
<b>Total Credits Against Premium Tax</b>	<b>57,913,456</b>	<b>64,592,027</b>

\*\* PSA and Flood Premiums are taken directly from Direct Written Premium prior to premium tax being assessed. Therefore, they are shown as the amount that premium tax collections are reduced by their use.

#### PSA Premiums

CY 2008 \$134,734,138.22 \*2.25% = \$3,031,518

CY 2009 \$155,058,189.62 \*2.25% = \$3,488,809

#### Flood Premiums

CY 2008 \$143,581,665 \*2.25% = \$3,230,587

CY 2009 \$172,028,393.94 \*2.25% = \$3,870,638.86

Source: Oklahoma Insurance Department

More detailed descriptions for the credits taken against the Insurance Premium Tax are listed below:

- A. **Life and Health Guaranty Fund Credit (per 36 O.S. § 2030 (i))**—This credit is 20% for 5 years per year of assessment made. There is no year limitation on this credit. The credit must be used or lost in the year given. Cannot be carried forward. In the event an insurance company should cease doing business, all the accumulative credit will be allowed in the year the company ceases doing business. If a merger occurs, then the credit will follow the succeeding insurance company. The Life Guaranty Association issues a disc or email to the financial division with the information each year around January 1<sup>st</sup>. The file will contain the amount of the credit allowed for that year by the company. This assessment is on all life, health and annuity companies. Some companies have annuities not assessed and are only charged a flat \$150. The credit can be a refund or negative number. This will only be taken on the tax return and not during the year on estimated payments. It must come out first and prior to any other credit initiated. Must come before pension. Cannot be refunded.
- B. **Property and Casualty Guaranty Fund Credit (per 36 O.S. § 625.4)**—This credit is from the P&C assessment made by the Guaranty Association each year. It is 10% of the base assessment by year for 10 years. There is no time limitation on this credit. This credit may be carried forward to the future years and needs to be tracked for the overage remaining. This credit can be transferred. A separate report will need to be queried and sent to the Association for the remaining credit not taken in the year granted. An email will be sent to the financial division each year around January 1<sup>st</sup> for downloading to the AS400. It will contain the exact amount of credit and/or refund. A refund or negative number will need to remain with the return and have taxes assessed. The amount of overage left will need to be added to next years' number that comes from the association. A separate line will be needed under the assessment for carry-forward. This will only be taken on tax return and not during the year on estimated payments. It must come out first and prior to any other credit initiated after the life credit. Must come before pension. Cannot be refunded.
- C. **Small Business Capital Credit (per 68 O.S. § 2357.62)**—A small business credit for qualified investments in small business beginning for taxable years after December 31, 1997 and before January 1, 2012. The credit comes from the tax imposed under 624 and 628, meaning annual premium tax reporting and retaliatory tax. The credit may be carried forward for a period not to exceed 3 taxable years. Any company claiming this 20% off cash investment reported on Form 526 from the tax commission must produce form 526. The credit must be claimed in the year received and carried forward. We have told companies in the past they may not deduct any amount from the items of fire marshal tax, retaliatory tax, and fees. This would be an exception allowed and would be entered against retaliatory. The credit must be claimed in the year received and carried forward. A report needs to be given to the tax commission. Cannot be refunded only carried forward. Taken before pension. Allowance of the credit as estimated payments will avoid refunds later, but the statute is silent.
- D. **Coal Credit (per 68 O.S. § 2357.11)**—Credit is allowed from January 1, 1993 and ending on or before December 31, 2012. Any credit not used may be carried forward 5 years following the year of qualification. This credit can be used against annual taxes, as a prepayment, or against retaliatory taxes. These credits are purchased by the insurance companies from coal producing energy companies via a transfer through the tax commission. Form 572 will accompany any transfer of credit and must be submitted as proof. A report needs to be given to the tax commission. Cannot be refunded only carried forward. Taken before pension.
- E. **Historic Buildings Rehabilitation Credit (per 68 O.S. § 2357.41)**—Can be taken against premium tax or retaliatory tax beginning December 31, 2000. No refund on credit.

The credit may be carried forward for 10 years following the qualified expenditures. Credit is transferable for 5 years following expenditure. The tax commission will issue a form 572 as proof. We will allow the credit to be applied to estimated payments to avoid refunds although the statute is silent on this matter. Taken after pension.

- F. **Investments in Rural Small Business Capital Companies (per 68 O.S. § 2357.73)**—Beginning December 31, 2000 and ending December 31, 2011 a credit for qualified investment in qualified rural small business capital companies will be allowed for tax imposed under 624 and 628, meaning annual premium tax and retaliatory tax. May be used towards quarterly tax payments. A form from the tax commission will accompany the return as proof. An amount equal to 30% of cash investment in a capital company. The credit may only be claimed in the year the company invests funds and transferred to others. The credit may be carried forward for a period not to exceed 3 years. Not refunded and taken before pension. A report needs to be sent to the tax commission annually.
- G. **Co-Investments in Rural Small Business Capital Companies (per 68 O.S. § 2357.74)**—Same as Credit for Investments.
- H. **Home Office Credit (per 36 O.S. § 625.1)**—This credit is for insurance companies that have established a home office in the state of Oklahoma. The qualifications can be found in the above referenced statute. The credit is based on number of full time employees and whether the insurance company is a foreign or domestic. This credit may only be taken at year end and after the pension of 57.1% is deducted and all other credits are deducted due to the statute stating it is only for monies actually paid to the General Revenue Fund of the state, not including tax monies placed in pension funds or in escrow. It may only be deducted against taxes imposed under 624 (premium tax). **Foreign Companies** having applied with the department and established a home office are eligible for a 15% credit for 200-299 employees; a 25% credit for 300-399 employees; a 35% for 400-499 employees; and a 50% credit for 500 plus employees. The credit is based on the tax due less the portion that belongs to the pension of 57.1% times the % allowed. (See Home Office Worksheet). **Domestic companies** are allowed 35% for 400-499 employees and 50% for 500 plus employees. A company may re-domesticate and keep its foreign deduction as in (A) of the statute. This is only for the tax year and may not be carried forward.
- I. **Venture Capital Credit (per 68 O.S. § 2357.74)**—Credit from December 31, 2000 to December 31, 2011. This credit must follow all credits including the home office credit due to it being 100% of the credit after all other credits per the above statute. It may be carried forward for a period not to exceed 3 taxable years. Must be deducted after the pension fund of 57.1%. Tax Commission will provide a form for proof of credit.
- J. **PSA (Public Service Authority) Credit (per 36 O.S. § 624 (A-2))**—This credit is taken directly from premium written and is not a tax credit, but rather a direct premium written credit. 100% of all premiums written for a public service authority (with proof by listing the amount, name, address, contact person, and phone number of the PSA). A PSA is any county, city, town, school district, or authorities performing a public service under Title 74: 1001-1008 and Title 60: 176-180.4.
- K. **Flood (Crop & Flood) Credit** - Federal credit

Source: OK Insurance Department

## 2. Quality Jobs and Related Programs

The committee heard a presentation from the Oklahoma Department of Commerce on the Quality Jobs, Small Employer Quality Jobs and 21<sup>st</sup> Century Quality Jobs programs. The committee also reviewed the March 2011 Triennial Reports of the Oklahoma Department of Commerce on the Quality Jobs and 21<sup>st</sup> Century Quality Jobs programs. Below is a summary of these programs.

### Quality Jobs:

#### Overview:

The Quality Jobs Program serves as an incentive to businesses to expand or locate within Oklahoma and create new taxable payroll within the state. Participants may qualify for a cash rebate of up to 5% over a ten-year period on new taxable payroll.

#### Purpose:

- Creation of jobs in targeted and higher wage industries
- Designed to fulfill the overarching economic development goal of raising the living standards of the state's citizens

In FY 2009, the Oklahoma Quality Jobs Program rebates totaled \$60,548,225 as compared to \$63,339,981 in 2008. The breakdown is as follows:

<b><u>Program</u></b>	<b><u>FY 2008</u></b>	<b><u>FY 2009</u></b>
Quality Jobs	\$62,080,930	\$59,071,458
Small Employer Quality Jobs	\$1,259,051	\$1,476,767
21 <sup>st</sup> Century Quality Jobs (New 2009)	\$0	\$0
<b>Totals</b>	<b>\$63,339,981</b>	<b>\$60,548,225</b>
Source: Oklahoma Department of Commerce		

### Application Process:

#### 1. Sales Phase

- a. Visit with Prospect
- b. Complete Incentive Analysis Request (IAR) Form and deliver completed to Business Location or Business Solutions Division
- c. Ensure Project is entered in Customer Relationship Management DataBase (CRM) and deliver to Research & Policy Division
- d. Research & Policy Division generates Incentive Analysis (Marketing Version) and returns to Business Location or Business Solutions
- e. Deliver and discuss options with prospect or existing company advising where needed
- f. If accepted, begin Step 2. If not accepted, return to Step 1a.

## **2. Application/Info Gathering Phase (In-State Company)**

- a. Business Location or Business Solutions Division provides application and written process overview to the company helping them initiate and submit signed application. Date stamp and create protected E-file with all documents related to application.
- b. Work with company to gather required information and submit to e-file (using checklist)
- c. Certify to Quality Jobs Division that all documents and information are complete and accurate. Formally introduce QJ Division contact who reviews checklist and determines if all documents are complete.
- d. If complete, begin Step 3. If not complete, return to Step 2b.

## **Application/Info Gathering Phase (Out-of-State Company)**

- e. Provide application and written process overview to the company; Hand-off to Quality Jobs Division in formal introduction.
- f. Quality Jobs Division initiates and submits signed application with date stamp and protected E-file (containing all documents related to the application)
- g. Quality Jobs Division works with company to gather required information and submits the e-file (using checklist)
- h. Quality Jobs Division reviews checklist and determines if all documents are complete and accurate.
- i. If complete, begin Step 3. If not complete, return to Step 2g.

## **3. Commerce Review Team (CRT) Review Phase**

- a. Research & Policy Division generates final, complete incentive analysis; Hand-off to Quality Jobs Division
- b. Quality Jobs Division validates application & supporting documents providing feedback to company and Quality Jobs Representative via e-mail; then provides E-packet via Virtual CRT to Business Location or Business Solutions Division.
- c. General Counsel, Quality Jobs and Research & Policy Divisions also review E-packet via Virtual CRT.
- d. CRT issues are received and resolved by all divisions
- e. CRT meeting is scheduled, convened and held (Step 4)

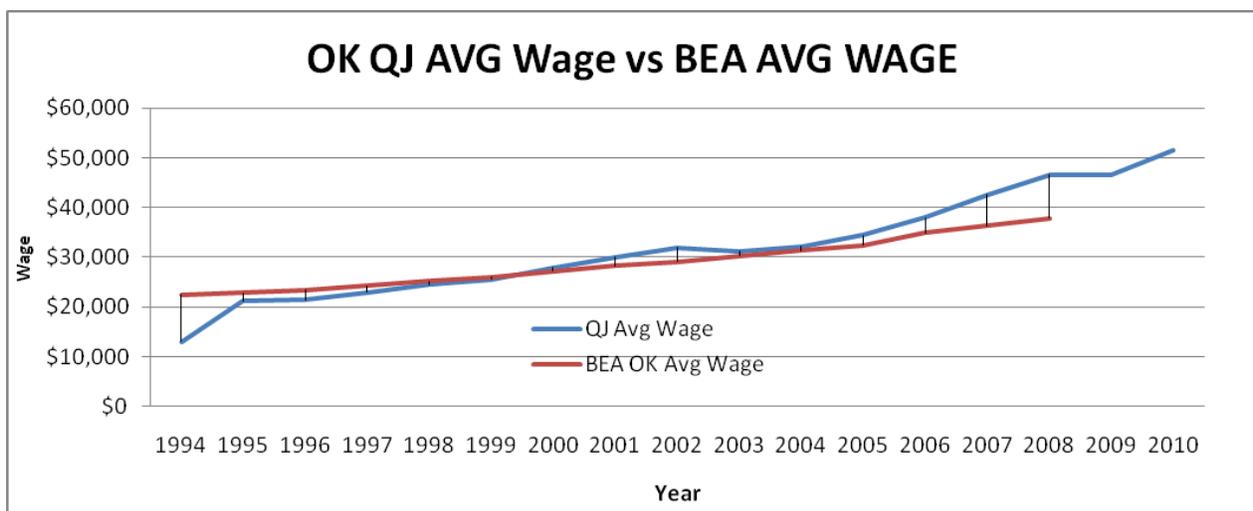
## **4. Contracting Phase**

- a. Quality Jobs Division prepares minutes and documentation. General Counsel writes contract and submits to the Secretary of Commerce. If an Incentive Approval Committee (IAC) is deemed necessary, move to Step 4b, if not move to Step 4c.
- b. Convene and hold Public IAC Meeting
- c. If approved, Secretary of Commerce signs contract and notifies Quality Jobs Representative to send approved contract to company. Move to Step 4e.
- d. If not approved, send denial letter and notify Quality Jobs Representative.

- e. Company signs contract and returns to Quality Jobs Division.
- f. Quality Jobs Division delivers signed contract to OK Tax Commission (OTC) and keeps copy.
- g. General Counsel notifies QJ and ED Representatives signed contract has been received, finalizes file and drafts congrats letter to company and copies Legislature and Secretary of Commerce.
- h. Quality Jobs Division and General Counsel work with Marketing Division to prepare Press Data and coordinate announcements and celebration with the company.

**Measurements:**

- Since 2008, there have been 89 companies enrolled in the program.
- Since 2008, the total number of projected jobs created by the program is 18,657.
- The average QJ wage rate in 2008 was 23% higher than state average wage.



Source: Oklahoma Department of Commerce

Note: Print this chart in color to see both lines

**Evolution:**

- ✓ Addition of Average Wage
  - Recognizes dynamic wage rates with annual review of county averages and state index. Initially set at \$25,000; indexed annually using BEA data. Currently \$29,409
- ✓ Disadvantaged Geographies
  - Targets counties or opportunity zones by setting adjusted wage levels
- ✓ Expanded Industries
  - New industries regularly included to meet changing OK economy
- ✓ Multiple Contracts
  - Encourages business growth while ensuring that primary contract responsibilities are met
- ✓ 6% Net Benefit Option
  - Allows a participating company to apply for a 2<sup>nd</sup> QJP contract and receive up to 6% if the average wage of new jobs are 150% of current jobs
- ✓ Change in Control
  - Allows consideration for change in ownership or high-risk relocation, with higher future commitment from company

### **Small Employer Quality Jobs:**

- Effective 1/1/1998
- Targeted to small businesses (90 employees or less)
- Up to 5% cash rebate of taxable wages for up to 7 years
- New job requirements are based on population
- Companies in counties over 200,000 are excluded, except in Opportunity Zones
- Wage requirements are adjusted for the average of small businesses in the county

### **21<sup>st</sup> Century Quality Jobs:**

- Effective 11/1/2010
- Intended to promote impactful, high wage, high skill jobs without competing with existing incentives
- Expands qualifying industries up the value chain of current assets
- Qualifying average wage of new jobs is 300% of the county average or 300% of the average of OK county wages, currently \$94,418
- Participants may receive up to a 10% Net Benefit Rate once they create at least 10 new jobs at higher average wage

### **3. Other States Quality Jobs Type Programs**

The committee reviewed what other states are doing similar to Oklahoma's Quality Jobs Program. (See *Appendix B* to this report.)

### **4. Other Quality Jobs Program Notes**

The committee reviewed Dr. Larkin Warner's study notes on the Quality Jobs Program (See *Appendix C* to this report.)

The committee reviewed the Oklahoma Tax Commission's Quality Jobs Incentive Payment Report FY10 (See *Appendix D* to this report.)

### **5. Other Relevant Matters**

The committee noted that the legislature acted in 2010 to impose a two-year moratorium on many of the Oklahoma tax credits (See *Appendix E* to this report.)

The committee also reviewed the Oklahoma Tax Commission's *State of Oklahoma Tax Expenditure Report 2009-2010*.

The committee also reviewed Oklahoma Attorney General Opinion No. 2010-16 (issued on December 20, 2010). Of note, that opinion declares (at p. 3) that:

To be Constitutional, Economic Development Tax Credits must:

1. Serve a Public Purpose,
2. Be Supported by Adequate Consideration, and
3. Have Adequate Controls and Safe Guards.

### **III. Principles of Sound Tax Incentives**

A review of the literature on economic development incentives provides a basis for identifying various principles that are widely agreed to. These principles can be used to guide the specification of a new program. They can also be used as a means for evaluating an existing program. Below we list 9 principles that the committee deems as important.

#### **Principle 1. The costs of the incentive system should be less than the benefits.**

Too often, we consider only the benefits, not the costs. Too often, we view the effect of incentives in a partial equilibrium sense, not general. For example, a highly successful incentive program might raise the cost of doing business for firms not receiving the incentive, necessitating a reduction in employment. States with balanced budget requirements must recognize that less revenue from one source creates greater burdens on existing firms and citizens. Similarly, when estimating the benefits and costs of an incentive program, the time value of money should be considered. That is, if the benefits of an incentive all occur many years in the future, the current benefit is significantly lessened and this impact must be accounted for in estimates of both costs and benefits.

#### **Principle 2. An individual incentive program should fit well within the broad strategic framework of state economic objectives.**

Individual programs should fulfill at least one key role in a broad portfolio of state economic development policy initiatives that focus on business attraction, business retention, new business start-up, high technology, efficient land use, geographic balance, and training to improve productivity. In addition, the state's objectives include a tax system characterized by equity and distributive justice. An overarching consideration in the choice and design of economic development incentives is the need to compete effectively with other jurisdictions which also offer incentives. Tax incentives for economic development are inherently selective and not available to all competitors within an industry (see Principle 4 below). To the extent possible, tax incentives should have minimum negative impacts on existing competitors unable to take advantage of the incentives' benefits.

#### **Principle 3. The objectives of the program should be clearly identified.**

Incentive programs have as their purposes (a) expansion of business activity that exports outside the regional economy, (b) substitution for imports to the regional economy, (c) increased productivity, (d) improved resource utilization, i.e., reduction of unemployment and underemployment. Just how a program is going to yield specific results should be clearly specified.

#### **Principle 4. Incentive programs should be targeted to firms where the program will clearly make a difference.**

Firms are not equal in their ability to contribute to the economic well-being of a region, as is evident by substantial variation in industry output, income, employment multipliers and emerging sectors wherein special competencies and competitive advantages rooted in regional research experience exist.

This is a basic fact of economic expansion that needs to be heeded. Targeting may also be necessary in order to compete with incentives offered by other jurisdictions.

The epitome of targeting is a “deal-closing” fund which is used by many jurisdictions to provide the marginal difference to a business making the location decision. “Deal-closing” funds are commonly used to create incentives to create or retain jobs by defraying costs for infrastructure, employee training or tax incentives.

Carefully administered targeting programs can reduce the overall cost to a state of its incentive programs. Targeting can avoid turning economic development incentives into generalized business “entitlements” which cost the state money but which do not change the behavior of business firms and thus do not promote economic development.

**Principle 5. Incentive programs should be neutral with respect to the types of industries that qualify for the program.**

Service industries are dominating growth in US businesses. If a firm’s application meets the tests of export expansion, import substitution, or other enhancements to resource utilization, it should not matter what industry the firm is identified with.

**Principle 6. Incentive programs should have built-in evaluation mechanisms.**

Without the capability to evaluate the benefits and costs of a program, there is little or no rationale for undertaking the program in the first place. Evaluation programs and generation of the appropriate data sources for evaluation need to be specified before the program is undertaken. The evaluation process needs to be followed closely according to plan.

**Principle 7. Incentive programs should have sunset provisions and other features that enhance accountability.**

Sunset provisions focus attention on the evaluation process and outcomes, and, thus, should be components of these programs. Industry is probably more mobile now than it has ever been, historically. Economic development initiatives should not fall into the trap of attempting to attract footloose industries and other copy-cat initiatives.

**Principle 8. Incentive systems should be based on rules versus discretion.**

Basing decisions on who gets incentives on a set of well-defined guidelines of eligibility is imperative to the ultimate potential for favorable evaluation.

**Principle 9. Incentive systems using tax credits should seek to maximize the dollars flowing to the intended purpose.**

Those incentive systems that utilize tax credits should consider the costs of those tax credits to the State and seek to structure credits in a manner that will maximize the dollars flowing to the intended purpose per dollar of state expenditures on the tax credit. Thus, all tax credits should be designated as directly transferable, given that (i) even when designated to be “non-transferable” by the enabling legislation, the benefits of tax credits can be bought and sold nonetheless, and (ii) the derivative transfers of non-transferable tax credits significantly increases the costs to the State thereby decreasing the overall economic benefit to Oklahoma.

#### **IV. Committee Recommendations**

The Incentive Review Committee wishes to work with the current legislature to develop a review process that provides the legislature with the information they want and can use.

After reviewing the incentives listed in Section II of this report, the committee states the following:

1. The purpose of each credit/incentive (both current and future) should be clearly defined in the legislation.
2. The committee believes that economic development tax credits should serve a public purpose, be supported by adequate consideration, and have adequate controls and safe guards.
3. The committee recommends the Oklahoma Department of Commerce and the Oklahoma Tax Commission work together to determine the necessary data required from Quality Jobs rebate recipients for measuring the success of the program and to put in place procedures for the periodic collection of such data. Furthermore, the committee would ask to be advised if any change in current law would be required to achieve this objective.
4. After review of the Quality Jobs Program, the committee recommends retention of the program as an important economic development tool.

## Appendix A - Oklahoma Incentives List

<u>Incentive</u>	<u>Type</u>	<u>Statute/ Source</u>	<u>Sunset Date</u>	<u>Transf erable</u>	<u>2009 OTC 511 cr</u>	<u>2009 OTC # of credits</u>	<u>2009 OID credits</u>	<u>Total 2009 credits taken</u>	<u>Total 2008 Credits Taken</u>	<u>Total 2007 Credits Taken</u>	<u>IRC Review Year/Status</u>
OK Quality Jobs Program (21st Century QJ started in 2010 - no results yet)	Cash Payment	68 O.S. §§ 3601 et seq.						\$59,071,458	\$62,080,930	\$53,391,293	2008 & 2010 Heard presentation
*Insurance Premium Tax Credit (Includes Home Office, PSA, Flood, Life & P&C Guaranty & Franchise Tax)	Insurance Department	36 O.S. § 625.1 (OID)					\$32,933,218	\$32,933,218	\$29,923,904	\$30,801,386	2008-2009-2010 (collected data)
Small Business Capital-Formation Tax Credit	Income Tax Credit/ Exemption	68 O.S. § 2357.60 - .65	12/31/2011		\$3,623,763	193	\$9,779,735	\$13,403,498	\$22,039,574	\$15,294,701	2009 Review - 8/26/09 / 2007 Report
Rural Small Business Capital-Formation Tax Credit	Income Tax Credit/ Exemption	68 O.S. §§ 2357.73 et seq.	12/31/2011	-	\$7,905,428	353	\$4,850,061	\$12,755,489	\$69,427,484	\$57,776,877	2009 Review - 8/26/09 / 2007 Report
Qualified Rehabilitation Expenditures Tax Credit	Income Tax Credit/ Exemption	68 O.S. § 2357.41		YES	\$194,840	9	\$10,607,699	\$10,802,539	\$6,296,255	\$5,060,376	2008-2009 - No action at this time
Investment in qualified electric car	Income Tax Credit/ Exemption				\$7,330,711	1,043		\$7,330,711			
Coal Credit	Income Tax Credit/ Exemption	68 O.S. § 2357.11	12/31/2012	YES	\$28,660	8	\$6,007,014	\$6,035,674	\$10,858,123	\$12,863,803	2008-2009 - No Action at this time
Construction of Energy Efficient Homes	Income Tax Credit/ Exemption	68 O.S. § 2357.46		YES	\$3,153,539	171		\$3,153,539	\$5,693,426	\$4,789,000	
Investment/New Jobs Income Tax Credit	Income Tax Credit/ Exemption	68 O.S. § 2357.4			\$1,881,000	284		\$1,881,000	\$49,486,910	\$124,707,650	2005 Report
Small Employer Quality Jobs Program	Cash Payment	68 O.S. §§ 3901 et seq.						\$1,476,767	\$1,259,051	\$684,297	2008 & 2010 heard presentation
Aerospace Employee Tax Credit (New 2009)	Income Tax Credit/ Exemption				\$1,073,307	230		\$1,073,307	\$0	\$0	
Volunteer Firefighter Credit	Income Tax Credit/ Exemption	68 O.S. § 2358.7			\$594,482	1,881		\$594,482	\$538,487	\$520,850	
Venture Capital Tax Credit	Income Tax Credit/ Exemption	68 O.S. § 2357.7 & .8	12/31/2008		\$66,421	3	\$414,300	\$480,721	\$14,018,037	\$28,010,479	2007 Report
Credit for conversion of motor vehicles to clean burning fuel	Income Tax Credit/ Exemption				\$465,128	150		\$465,128	\$1,371,847		

\*This amt. is the OID credit remainder after known credits are put in their respective rows.

## Appendix A - Oklahoma Incentives List

<u>Incentive</u>	<u>Type</u>	<u>Statute/ Source</u>	<u>Sunset Date</u>	<u>Transferable</u>	<u>2009 OTC 511 cr</u>	<u>2009 OTC # of credits</u>	<u>2009 OID credits</u>	<u>Total 2009 credits taken</u>	<u>Total 2008 Credits Taken</u>	<u>Total 2007 Credits Taken</u>	<u>IRC Review Year/Status</u>
Credit for Biomedical Research Contribution	Income Tax Credit/ Exemption				\$306,115	837		\$306,115	\$439,411		
Income Tax Credit for Investment in OK Producer-owned Agriculture Processing	Income Tax Credit/ Exemption	68 O.S. § 2357.25	1/1/2010		\$277,896	14		\$277,896	\$3,924,607	\$3,040,024	2009-2010 Heard Presentation 2/11/10
Manufacturers of Small Wind Turbines Tax Credit	Income Tax Credit/ Exemption	68 O.S. § 2357.32 B	12/31/2007	YES	\$255,269	27		\$255,269	\$1,676,569	\$876,309	
Poultry Litter Credit	Income Tax Credit/ Exemption	68 O.S. § 2357.100	12/31/2013		\$179,879	77		\$179,879	\$305,596	\$218,841	
Credit for electricity generated by zero-emission facilities	Income Tax Credit/ Exemption				\$169,727	7		\$169,727	\$2,704,400	\$2,194,213	
Tax Credit for Entities in the Business of Providing Childcare	Income Tax Credit/ Exemption	68 O.S. § 2357.26	1/1/2004		\$111,789	46		\$111,789	\$249,139	\$137,276	
Tax Credit for Banks Participating in the OK Rural Economic Development Loan Program	Income Tax Credit/ Exemption	68 O.S. § 2370.1			\$81,272	2		\$81,272	\$0	\$6,560	
Breeders of Specially Trained Canines	Income Tax Credit/ Exemption	68 O.S. § 2357.203			\$79,142	15		\$79,142	\$222,195	\$340,222	
Railroad Modernization Credit	Income Tax Credit/ Exemption	68 O.S. § 2357.104		YES	\$68,947	4		\$68,947	\$407,902	\$373,618	2008 - Decided not to explore further
Income Tax Credit for Investment in an OK Film or Music Project	Income Tax Credit/ Exemption	68 O.S. § 2357.101			\$40,886	15		\$40,886	\$38,895	\$40,947	
Energy Assistance Fund Contribution Credit	Income Tax Credit/ Exemption	68 O.S. § 2357.6			\$40,334	150		\$40,334	\$26,691	\$24,905	
Small Business Admin. (SBA) Guarantee Fee Tax Credit	Income Tax Credit/ Exemption	68 O.S. §§ 2370 and 2370-1			\$33,478	46		\$33,478	\$288,789	\$293,983	
Credit for wages paid to an injured employee	Income Tax Credit/ Exemption				\$31,367	16		\$31,367	\$25,576	\$31,673	

## Appendix A - Oklahoma Incentives List

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Income Tax Credit for Construction of OK Film/Music Facilities	Tourism & Film Incentive	68 O.S. § 2001 & Amending Sections 2357.35-39			\$25,325	1		\$25,325	\$1,710	\$23,000	
Aerospace Employer Tax Credit (New 2009)	Income Tax Credit/ Exemption				\$21,454	6		\$21,454	\$0	\$0	
Employers who provide Child Care programs	Income Tax Credit/ Exemption	68 O.S. § 2357.27	1/1/2004		\$10,530	7		\$10,530	\$4,558	\$43,518	
Enterprise Zone for local development	Income Tax Credit/ Exemption	68 O.S. § 2357.81			\$9,936	2		\$9,936	\$150	\$0	
Qualified Ethanol Facilities Credit	Income Tax Credit/ Exemption	68 O.S. § 2357.66	12/31/2010		\$7,946	2		\$7,946	\$0	\$6,750	
Non-stop Air Service from OK to the Coast Credit	Income Tax Credit/ Exemption	68 O.S. § 2357.28	1/1/2006	YES	\$3,380	5		\$3,380	\$5,979	\$73,184	2008 Recommended elimination Hearing Held 12/11/08
Food Service Establishments who pay for Hep A Vaccinations for Employees	Income Tax Credit/ Exemption	68 O.S. § 2357.33			\$2,902	6		\$2,902	\$33,076	\$73,180	
Computer, Data Processing, Research & Development New Jobs Income Tax Credit	Income Tax Credit/ Exemption	68 O.S. 54006			\$2,000	1		\$2,000	\$5,705	\$16,879	
Dry Fire Hydrant Credit	Income Tax Credit/ Exemption	68 O.S. § 2357.102			\$1,905	3		\$1,905	\$8,238	\$41,919	
Biodiesel Production Facility Tax Credit	Income Tax Credit/ Exemption	68 O.S. § 2357.67	12/31/2012		\$1,766	4		\$1,766	\$2,401	\$0	
Qualified Recycling Facility Credit	Income Tax Credit/ Exemption	68 O.S. § 2357.59	12/31/1999		\$1,571	5		\$1,571	\$24,546	\$6,097,152	
Recycling, Reuse & Source Reduction (Hazardous Waste) Incentive	Income Tax Credit/ Exemption	27 A O.S. §§ 2-11-303 et seq.			\$1,131	4		\$1,131	\$3,700	\$1,796	Recommended elimination Hearing Held 12/11/08
Gas Usage Tax Credit for Manufacturing	Income Tax Credit/ Exemption	68 O.S. § 2357 [C]			\$229	4		\$229	\$44,000	\$0	2009 Under Review 8/27/09

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Modification Expenses for Injured Employees	Income Tax Credit/ Exemption	68 O.S. § 2357.47			\$143	3		\$143	\$7,037	\$3,237	2008 - Decided not to explore further
Oil & Gas Production Tax Credit	Income Tax Credit/ Exemption	68 O.S. § 1001	6/30/2010					\$0	\$11,637,000	\$0	
Stafford Loan Origination Fee for banks & credit unions	Income Tax Credit/ Exemption	68 O.S. § 2370.3						\$0	\$23,901	\$306,760	
5 year Local Incentive	Ad Valorem Tax Exemption	62 O.S. § 860						\$0	\$0	\$0	2006 Report
5% Areas for Oklahoma Quality Jobs Program	Cash Payment	Commerce Dept. (405) 815-5269						\$0	\$0	\$0	2008 Heard presentation
Advanced Degree Program	Major Finance & Assistance Program	OK State Regents (405) 225-9100						\$0	\$0	\$0	
Agricultural Commodity Processing Facility Income Tax Exemption	Income Tax Credit/ Exemption	68 O.S. § 2358 [A] [6]						\$0	\$0	\$0	2009 Under Review 8/27/09
Aircraft Maintenance Facilities Exemption	Sales Tax Exemption	68 O.S. § 1357 [20] [28]						\$0	\$0	\$0	
Aircraft Manufacturers Exemption License	Ad Valorem Tax Exemption	3 O.S. §§ 254 & 256.2						\$0	\$0	\$0	
Aircraft Manufacturing Facility	Sales Tax Exemption	68 O.S. § 1357 [16]						\$0	\$0	\$0	
Alternative Energy Sources Tax Credit	Income Tax Credit/ Exemption	68 O.S. § 2357.32 A	1/1/2016	YES				\$0	\$0	\$1,211,052	
Alternative Fuel Vehicle (AFV) & Refueling Infrastructure Tax Credit	Income Tax Credit/ Exemption	68 O.S. § 2357.22	1/1/2010					\$0	\$0	\$895,061	
Basic & Applied Research & Technology Program through OCAST	Major Finance & Assistance Program	74 O.S. §§ 5060.1 et seq.						\$0	\$0	\$0	
Commercial Space Industry Credit	Income Tax Credit/ Exemption	68 O.S. § 2357.13						\$0	\$0	\$22,712	2008 Recommended elimination Hearing Held 12/11/08
Community Development Block Grants (CDBGs)	Major Finance & Assistance Program	Commerce Dept. (405) 815.5356						\$0	\$0	\$0	
Computer Services & Data Processing	Sales Tax Exemption	68 O.S. § 1357 [21]						\$0	\$0	\$0	

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Computer Services/ Data Processing/ Telecommunications Equipment	Sales Tax Refund	68 O.S. § 54003						\$0	\$0	\$0	
Construction Materials	Sales Tax Refund	68 O.S. § 1359 [7]						\$0	\$0	\$0	
Empowerment Zone Facility Bonds - Oklahoma City	Major Finance & Assistance Program	26 U.S.C. § 1394 et seq.						\$0	\$0	\$0	
Ethanol Fuel Retailer Tax Credit	Income Tax Credit/ Exemption	68 O.S. § 500.10-1						\$0	\$0	\$0	
Excise Tax on Aircraft Sales	Sales Tax Exemption	68 O.S. §§ 6001 et seq.						\$0	\$0	\$0	
Exempt Inventory (County Assessor's Office)	Ad Valorem Tax Exemption	Art. 10, § 6A Okla. Const. & 68 O.S. § 2902.2						\$0	\$0	\$0	2006 Report
Federal Empowerment Zone Incentive - Oklahoma City	Income Tax Credit/ Exemption	Oklahoma City only						\$0	\$0	\$0	
Foreign-trade Zones	Transportation & Distribution Benefit	Port of Muskogee, Tulsa Port of Catoosa, Will Rogers International Airport and Durant International Business Park						\$0	\$0	\$0	
General Obligation Limited Tax Bonds (GOLTBs)	Major Finance & Assistance Program	Art. 10, § 35, Oklahoma Constitution						\$0	\$0	\$0	
i2E - Turning Innovation into Enterprise	Major Finance & Assistance Program	74 O.S. §§ 5060.2 [a] [b]						\$0	\$0	\$0	
Income Tax Exemption for Interest Pd. On Bonds issued by or on Behalf of Public Agencies	Income Tax Credit/ Exemption	68 O.S. § 2358.5						\$0	\$0	\$0	
Incubator Site Tenant Tax Exemption	Income Tax Credit/ Exemption	74 O.S. § 5078						\$0	\$0	\$0	2009 Under Review 8/27/09

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Industrial Access Roads	Transportation & Distribution Benefit	Dept. of Transportation						\$0	\$0	\$0	
International Trade Processing Center at Dept. of Commerce	Transportation & Distribution Benefit	74 O.S. § 2121 et seq.						\$0	\$0	\$0	
Job Matching through OK Employment Security Commission	Major Finance & Assistance Program	OESC (405) 557-7149						\$0	\$0	\$0	
Manufacturers Sales Tax Exemption	Sales Tax Exemption	68 O.S. §§ 1359, 1359.2 & 1364						\$0	\$0	\$0	
New Markets Tax Credits & OK State Tax Credits in conjunction w/ New Markets Tax Credit Program	Income Tax Credit/ Exemption	26 U.S.C. § 45D						\$0	\$0	\$0	
New Products Dev. Income Tax Exemption	Income Tax Credit/ Exemption	74 O.S. § 5064.7						\$0	\$0	\$0	
OK Capital Access Program	Major Finance & Assistance Program	<a href="http://www.ocib.org">www.ocib.org</a>						\$0	\$0	\$0	
OK Export Finance Program	Major Finance & Assistance Program	Commerce Dept. (405) 815.5216						\$0	\$0	\$0	
OK Institute of Technology through OCAST	Major Finance & Assistance Program	74 O.S. §§ 5060.3 et seq.						\$0	\$0	\$0	
Oklahoma Film Enhancement Rebate Act at Film & Music Office	Tourism & Film Incentive	68 O.S. §§ 3621-3626	7/1/2014					\$0	\$0	\$0	
Oklahoma Finance Authorities	Major Finance & Assistance Program	74 O.S. §§ 851 et seq. & 5062.1 et seq.						\$0	\$0	\$0	
Oklahoma Opportunity Fund	No appropriations given in 2008	HB 1169						\$0	\$0	\$0	
Other Truck Registration Benefits	Transportation & Distribution Benefit	47 O.S. §§ 1101 et seq.						\$0	\$0	\$0	
Partial Unemployment Benefits Program	Major Finance & Assistance Program	OESC (405) 962-7584						\$0	\$0	\$0	

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Private Activity Bond Allocation	Major Finance & Assistance Program	62 O.S. §§ 695.23 et seq.						\$0	\$0	\$0	
Public Trust Financing: Industrial Revenue Bonds	Major Finance & Assistance Program	60 O.S. § 176 et seq., 74 O.S. § 851 et seq., & 61 O.S. § 651 et seq.						\$0	\$0	\$0	
Quality Jobs Investment Program	Major Finance & Assistance Program	74 O.S. § 5062.8A						\$0	\$0	\$0	
Rural Economic Development Loan Program	Major Finance & Assistance Program	62 O.S. §§ 90.1 - 90.9 & 68 O.S. § 2370						\$0	\$0	\$0	
Sales Tax Financing	Major Finance & Assistance Program	68 O.S. §§ 1370 & 2701						\$0	\$0	\$0	
Sales/Income Tax Credit for Tourism Attraction Projects	Income Tax Credit/ Exemption	68 O.S. §§ 2357.34-40						\$0	\$0	\$0	
Small Business Linked Deposit Program	Major Finance & Assistance Program	62 O.S. §§ 88.1A et seq.						\$0	\$0	\$0	
Small Business Loan Guarantees	Major Finance & Assistance Program	15 U.S.C. § 632 et seq.						\$0	\$0	\$0	
Space Transport Vehicle Provider	Income Tax Credit/ Exemption	68 O.S. § 2357.42	1/1/2007	<b>YES</b>				\$0	\$0	\$3,818,502	2008 Held Hearing & recommended elimination of
Spaceport	Sales Tax Exemption	68 O.S. § 1356 [32-37]						\$0	\$0	\$0	
State Decision	Ad Valorem Tax Exemption	68 O.S. § 2902						\$0	\$0	\$0	
Tax Incentives on Former Indian Reservation Lands	Income Tax Credit/ Exemption	26 I.R.C. §§ 45A, 168 (j) & 68 O.S. § 2358 [17]	12/31/2009					\$0	\$0	\$0	
Tax Increment Financing (TIF)	Major Finance & Assistance Program	62 O.S. §§ 850 et seq.						\$0	\$0	\$0	2006 Report
Technology Partnership Assistance	Major Finance & Assistance Program	70 O.S. §§ 3206.3 & Art. 10 §§ 14 & 15 of Oklahoma Constitution						\$0	\$0	\$0	

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Technology Transfer Income Tax Exemption	Income Tax Credit/ Exemption	68 O.S. § 2358 [C]						\$0	\$0	\$0	
Telecommunications	Sales Tax Exemption	68 O.S. §§ 1354 & 1357 [18] [26]						\$0	\$0	\$0	
Training for Industry Program (TIP)	Employee Training through Career Techs							\$0	\$0	\$0	
Truck Registration Benefit	Transportation & Distribution Benefit	Corporation Commission (405) 521-3246						\$0	\$0	\$0	
Venture Capital Investment Board/Access Program run by Oklahoma Capital Investment Board (OCIB)	Major Finance & Assistance Program	74 O.S. § 5085.1						\$0	\$0	\$0	
Welfare-to-Work Tax Credit (WTW)	Income Tax Credit/ Exemption	Fed. Through OESC						\$0	\$0	\$0	
Work Opportunity Tax Credit Program (WOTC)	Income Tax Credit/ Exemption	Fed. Through OESC						\$0	\$0	\$0	
Workforce Investment Act	Major Finance & Assistance Program	Commerce Dept (405) 815-5206						\$0	\$0	\$0	
<b>Totals</b>					<b>\$28,083,598</b>	<b>5,634</b>	<b>\$64,592,027</b>	<b>\$92,675,625</b>	<b>\$295,105,799</b>	<b>\$354,113,985</b>	

<u>Quality Jobs Type Program</u>			<u>Type</u>	<u>Overview</u> <b>NOTE: This list does not show availability of funds. Other funding updates, stipulations and policies may be in effect.</b>
OK	Oklahoma Department of Commerce	Quality Jobs Program	Tax refund or rebate	This innovative program gives qualifying enrolled companies quarterly cash rebates of up to five percent (5%) of taxable wages for up to 10 years. New legislation in 2005 allows companies in the program who expand again to receive up to 6% wage rebates based on meeting certain criteria.
AR	Arkansas Department of Economic Development	Create Rebate Program	Tax refund or rebate	Under terms negotiated by the Arkansas Department of Economic Development, this program provides businesses a financial rebate from 3.9 to 5 percent of the annual <b>payroll</b> of the new, full-time, permanent employees. The financial incentive is 3.9 percent in Tier 1 counties, 4.25 percent in Tier 2 counties, 4.5 percent in Tier 3 counties and 5 percent in Tier 4 counties.
AR	Arkansas Department of Economic Development	Targeted Businesses Incentives	Tax credit	Offered at the discretion of the director of the Arkansas Economic Development Commission. Businesses that qualify as "targeted businesses" may qualify for three special incentives designed to help new, knowledge-based businesses in their early years. These discretionary incentives are for start-up companies in emerging sectors:
				* A refund of sales and use taxes paid on the purchase of building materials and machinery and equipment associated with the approved project
				* A transferable income tax credit equal to <b>10% of payroll</b> for up to five years
				* A transferable income tax equal to 33% of eligible research and development expenditures
AR	Arkansas Department of Economic Development	Advantage Arkansas (Income Tax Credit)	Tax credit	Advantage Arkansas provides a credit on state income tax equal to between 1 percent and 4 percent of new <b>payroll</b> for five years, depending on the tier of the county in which the business locates.
CO	Colorado Office of Economic Development & International Trade	Job Creation Performance Incentive Fund (PIF)	<b>Funding Not available at this time</b>	The Job Creation Performance Incentive Fund (PIF) provides a performance-based incentive payment to qualifying companies that have created net new full-time <b>permanent jobs</b> (jobs) paying above average wages.
CO	Colorado Office of Economic Development & Intl Trade	Job Growth Incentive Tax Credit	Tax credit	Businesses that create at least 20 net <b>new full time jobs</b> (or five net new jobs in an Enhanced Rural Enterprise zone) with an average yearly wage of at least 110% of the county average wage rate where the business is located may deduct up to 50% of the FICA paid by the business as a credit against state income taxes.
KS	Kansas Department of Revenue	Business and Job Development Credit	Tax credit	The business and job development credit is allowed as a direct tax credit against the income tax of any Kansas taxpayer if: an investment in a qualified business facility is made, and; at least two qualified business facility employees are hired as a direct result of that investment.
KS	Kansas Department of Commerce	Promoting Employment Across Kansas (PEAK)	Grant	<b>New! Promoting Employment Across Kansas (PEAK)</b> – This program offers qualified companies that are relocating operations to Kansas the ability to retain 95 percent of their payroll withholding tax for a period of five to seven years. Companies need to create at least ten new jobs within two years in metropolitan areas or five new jobs within two years in all other counties of the state. High-impact projects that create 100 new jobs within five years can retain 95 percent of payroll withholding tax for seven to 10 years. The number of years that withholding tax can be retained depends on how much the annual average wage of the relocated jobs at the Kansas worksite will exceed the county average wage.

<u>Quality Jobs Type Program</u>			<u>Type</u>	<u>Overview</u> <b>NOTE: This list does not show availability of funds. Other funding updates, stipulations and policies may be in effect.</b>
LA	Louisiana Department of Economic Development	Quality Jobs Program	Tax credit, Tax refund or rebate	The Quality Jobs Program provides cash rebates as an incentive to encourage businesses to locate or expand existing operations in Louisiana, to create quality jobs, and to promote economic development by focusing on Louisiana Vision 2020's traditional and seed clusters. This program provides 5% or 6% cash rebate of annual gross payroll for new direct jobs for up to 10 years. It also allows for 4% sales/use tax rebate on capital expenditures; or 1.5% investment tax credit for qualified expenses.
MO	Missouri Dept. of Economic Development	Missouri Quality Jobs Program	Tax credit	<p>For "Small/Expanding" businesses, the benefit of the program is the retention of the state withholding tax of the <b>new jobs</b>.</p> <p>For "Technology" and "High Impact" businesses, the benefits of the program are:</p> <p>the retention of the state withholding tax of the new jobs</p> <p>state tax credits, which are refundable, transferable and/or saleable.</p> <p>The program benefits are based on a percentage of the payroll of the new jobs.</p> <p>The program benefits are not provided until the minimum new job threshold is met and the company meets the average wage and health insurance requirements.</p> <p>This tax credit can be applied to Chapter 143 (state income tax, excluding withholding tax) and Chapter 148 (financial institutions tax).</p> <p>Tax credits must be claimed within one year of the close of the taxable year that they were issued.</p> <p>Tax credits can only be applied to tax liability for the year in which they were earned.</p> <p>Any unused balance is refundable. The credits may also be transferred, sold or assigned.</p>
NM	New Mexico Taxation and Revenue Department	High Wage Jobs Tax Credit	Tax credit	A credit equal to 10% of the wages and benefits paid for each new economic-base job created that: a. Pays at least \$28,000/year in a community with a population of less than 40,000 or in the unincorporated area of a county b. Pays at least \$40,000/year in a community with a population of 40,000.
TX				Nothing comparable to other states

<b>State</b>	<b>Closing Fund</b>	<b>Description - NOTE: This list does not show availability or use of funds. Additional state funding, stipulations and policies may be in effect.</b>	<b>Source</b>
OK	Yes - Not currently used	Opportunity Fund - There is currently minimal funding available.	<a href="http://www.okcommerce.gov/Site-Selection/Incentives/Opportunity-Fund">http://www.okcommerce.gov/Site-Selection/Incentives/Opportunity-Fund</a>
AR	Yes - Active	Governor's Quick Action Closing Fund (2007) - Arkansas Governor appears to use this fund, but to exactly what extent is not known.	<a href="http://governor.arkansas.gov/newsroom/index.php?do:newsDetail=1&amp;news_id=694">http://governor.arkansas.gov/newsroom/index.php?do:newsDetail=1&amp;news_id=694</a>
CO	Doesn't appear to currently be available.	Colorado Economic Development Fund. Could not find evidence of current use.	
KS	Yes - Doesn't appear to currently be used	Contingency Fund	<a href="http://www.kansasinc.org/pubs/working/ContingencyFundAtt2.28.09.pdf">http://www.kansasinc.org/pubs/working/ContingencyFundAtt2.28.09.pdf</a>
LA	Doesn't appear to currently be available.	Opportunity Fund (In 2002 Louisiana looked into this program, but it doesn't appear it was ever implemented.)	<a href="http://www.la-par.org/Publications/PDF/dealclose.pdf">http://www.la-par.org/Publications/PDF/dealclose.pdf</a>
MO	None found		
NM	Yes, but doesn't appear to be available for current use.	Invest New Mexico - (\$220 million annually) Could not find evidence of current use.	<a href="http://www.tlc.state.tx.us/pubspol/dealclosing.pdf">http://www.tlc.state.tx.us/pubspol/dealclosing.pdf</a>
TX	Yes - Active	Texas Enterprise Fund - Funding \$295 million (biennial). Governor, lieutenant governor and speaker approve.	<a href="http://www.tlc.state.tx.us/pubspol/dealclosing.pdf">http://www.tlc.state.tx.us/pubspol/dealclosing.pdf</a>

## Appendix C

### Notes on the Quality Jobs Program

In the following discussion, the emphasis is on the very basic principles underlying the Quality Jobs Program and its progeny, the Small Employer Quality Jobs Program and the 21st Century Quality Jobs Program. There are additional detailed requirements such as the specification of minimum gross payroll, minimum wage levels, and industries and locations with special eligibility requirements and benefit conditions. These are set forth in the Oklahoma Department of Commerce's "2011 Oklahoma Business Incentives and Tax Information Guide" available on the department's web site and 68-3601 *et seq.* of the Oklahoma Statutes.

The original economic development incentive created by the 1993 Oklahoma Quality Jobs Program Act is by far the most significant of the three programs described above. The Small Employer program accounted for around \$1.5 million of incentive payments in FY2009 while the Quality Jobs Program paid \$59.1 million. The 21st Century program for very high wage establishments is currently in the process of being implemented.

The state government funds these programs by having the Oklahoma Tax Commission take the necessary tax receipts "off the top" before recording tax receipts for regular government purposes. By not relying on regular legislative appropriations or on a predetermined set-aside for funding the payments, there is never any question as to whether establishments participating in the incentive program will receive their quarterly payments. This procedure also apparently exempts the Quality Jobs Program from being reported as part of the Oklahoma Tax Commission's comprehensive reports on "tax expenditures."

Rather than relying on the annual appropriations process, oversight of the program is achieved by requiring the Oklahoma Department of Commerce to prepare a triennial report to the Governor and to the leaders of the state's two legislative bodies. These reports are supposed to contain a fiscal analysis of the costs and benefits of the program to the state. The latest triennial report dated March 2011 does not contain such a specific fiscal analysis. However, it is emphasized herein that a technical analysis of costs and benefits to state government is an explicit component of the procedure by which many of the applying establishments are judged to be eligible to receive the incentive payments. Critical to this eligibility is the relationship between "direct state benefits" and "direct state costs."

The **Direct State Benefits** refer to increased revenues to state government as a result of the additional employees hired under the program. Additional income to the state is from two principal sources: (1) direct additional income tax receipts, and (2) direct additional consumption tax receipts. Data are collected for a moving average of jobs per quarter, payroll each quarter, and an estimate of average wage per employee net of fringe benefits. Tax revenue per new employee is higher to the extent that income per worker is higher.

Note that these direct benefits apply only to the new state revenues generated by the new hires. As a general rule, an establishment is eligible for the Oklahoma Quality Jobs Program if it is involved in manufacturing or activity generating at least 75 percent of sales outside of the state of Oklahoma. These are "basic" industries for which the hiring of new employees generates additional spending and new jobs elsewhere in the state as the establishments purchase inputs from other Oklahoma establishments, and also generates revenue and new jobs to enterprises selling goods and services to the new employees. All this activity generates additional revenues to the state government well beyond the direct benefits of the initial new jobs. This means that there is an inherent tendency for the Quality Jobs Program to underestimate true total benefits.

The additional new employment also generates **Direct State Costs** to government when workers move into Oklahoma from other jurisdictions. The share of new jobs going to persons migrating into Oklahoma is estimated for each new Quality Jobs contract based on population trends, wages, industry, and geography applicable to the firm in question.

Costs are then estimated using statewide averages for the individuals and families predicted to migrate into the state. In 2010, for example, it was assumed that new common school costs per student were \$2,573; costs for health, safety, and transport were \$562 per person; and general government costs were \$309 per person. As the calculations make clear, it is less costly to the state for the new Quality Jobs to be filled by existing state residents rather than migrants from elsewhere.

Benefit cost analysis for the program continues with the calculation of **Net Direct State Benefits** which is **Direct State Benefits – Direct State Costs**.

A **Net Benefit Rate** is then calculated as the **Net Direct State Benefits** as a percentage of the **Gross Payroll** which the establishment is committed to pay its new workers. Other things being equal, an establishment's net benefit rate will be greater, the fewer new workers it hires from out-of-state.

The **Quarterly Incentive Payment** to the participating enterprises is then calculated by multiplying the **Actual Gross Payroll** received by the new workers by the **Net Benefit Rate**.

The statute states, generally, that the net benefit rate used for calculating the incentive payment is 5 percent or less and cannot exceed 5 percent. The principal exception is a net benefit rate fixed at 5 percent for firms locating in areas of the state subject to economic stress. Such areas include "opportunity zones" which are census tracts in which 30 percent or more of the population is living with incomes below the official poverty level, and entire counties with per capita incomes 85 percent or less than the statewide average, population decreases over the past 10 years, or with relatively high unemployment rates.

The above discussion suggests the likelihood that, for the entire program, it is unlikely that the cost to the state would exceed the net direct state benefits as defined above. There are bound to be some participants automatically classified to receive payments based on a net benefit rate of 5 percent that have actual net benefit rates below 5 percent; there are also firms—particularly those with wage levels in excess of \$50,000 for which net benefit rates exceed the applicable 5 percent maximum. Thus the Quality Jobs Act Program appears likely to be consistent with the first principle for evaluating incentives used herein by the Incentive Review Committee, i.e., that the costs of the incentive system should be less than the benefits. In fact, between the Act's passage in 1993 and 2000, it was certain that benefits to the state exceeded costs. The 2000 session of the Oklahoma legislature added the mandatory 5 percent benefit for troubled geographic areas.

There are several other considerations worthy of note concerning the assessment of the Quality Jobs Program. From its beginning in 1993, the initiative has been judged favorably by professionals in the field of economic development. Illustrative is the following quotation from the Oklahoma Department of Commerce's 2002 triennial report on the program to the governor and the legislative leadership.

"By most any measure, the Quality Jobs Program has been a success. Created at a time when the State's economy needed a boost in terms of recognition and employment growth, the program became a leading-edge incentive among states. If imitation is the sincerest form of flattery, Oklahoma can feel proud of the fact that so many states have followed suit and patterned programs after ours."

Appendix B to the current Incentive Review Committee Report presents a selected overview of quality jobs type programs in states surrounding Oklahoma.

Finally, there are two nagging questions that always arise in the evaluation of government financed economic development incentives. The first relates to competitive reactions of existing enterprises. The second, and more fundamental question, involves whether the decision to locate or expand was caused or influenced by the incentive.

First, it is possible that the firms receiving the incentive payments are willing and able to pay higher wage rates and bid workers away from older well-established local firms. The same sort of problem could exist when a firm receiving the Quality Jobs Payments is competing directly for markets with other Oklahoma firms not participating in the program. It can be assumed that if this local impact were a significant feature, there would be a significant level of related public discourse. Such does not appear to be the case.

A second nagging question always emerges. Would the establishments participating in the Quality Jobs Program have located or expanded in Oklahoma anyway—hiring new workers with the same intensity without the program at all? There is plenty of anecdotal evidence from economic development practitioners as to the program's effectiveness. Yet there are features that suggest that the program is not always the cause for new jobs.

In FY 2009, the Oklahoma Department of Commerce's triennial report indicates that new participants included 3 startups, 3 new establishments, and 25 that were expanding. That means that 25 of the 31 new enrollees had already made past decisions to locate in Oklahoma. In some cases, no doubt, these past locational decisions determined where future expansions will occur.

Along the same line of reasoning, it is interesting to note firms that received in excess of \$1 million in cash payments in FY 2010 as reported by the Oklahoma Tax Commission.

Boeing Aerospace Operations	\$ 1,343,792
Chesapeake Energy Corp.	2,234,877
Conoco Phillips	2,149,041
Dell Marketing and Dell USA	3,710,241
Devon Energy	1,505,400
Farmers Insurance Group	1,148,255
SandRidge Operating Company	3,356,941
Spirit Aerosystems	2,401,440
Sprint Spectrum LP/ T Buschert	1,710,998
The Prof Basketball Club LLC	5,281,778
Wal-Mart Stores East LP	1,437,583
Zeledyne LLC	1,226,928

All of the 143 FY2010 recipients of Quality Jobs Program payments are listed in Appendix D. Total payments for FY 2010 were \$54,011,640.

Economic developers "pulled out all the stops" to attract Dell to its current facility in Oklahoma City. Given the amount of the Quality Jobs payment, there can be little doubt of the program's importance in that locational decision. Boeing appears committed to continue expanding at the Tinker AFB development complex. Aerospace is a major focus of the state's economic development efforts. For the energy companies, it is possible that their ties to Oklahoma are so great that the locations of their employment expansions are relatively inflexible. However, it is important to remember how many major energy companies have shifted their headquarters to Houston.

**OKLAHOMA TAX COMMISSION**  
**QUALITY JOBS INCENTIVE PAYMENT REPORT FY10**

**NAME**

A G EQUIPMENT CO	3401 W ALBANY	BROKEN ARROW	OK	74012	\$356,801.27
ABB INC	7051 INDUSTRIAL BLVD	BARTLESVILLE	OK	74006	\$299,311.99
ADFITECH INC	3001 TECHNOLOGY DRIVE	EDMOND	OK	73013	\$402,518.24
ADVANCE FOOD CO #1 & #3	201 S RALEIGH RD	ENID	OK	73701	\$340,014.30
ADVANCED FINANCIAL SOLUTIONS 1	1200 SOVEREIGN ROW	OKLAHOMA CITY	OK	73108	\$120,286.49
AEGIS FOOD TEST LABS OKLA LLC	3532 SW 2ND ST BLDG D	OKLAHOMA CITY	OK	73108	\$2,121.28
AFFINIA PRODUCTS CORP LLC	5500 S HATTIE AVE	OKLAHOMA CITY	OK	73129	\$174,935.28
ALBON MFG LLC	2801 TECHNOLOGY PL	NORMAN	OK	73071	\$8,504.05
ALL STATE TANK MFG LLC	511 INDUSTRIAL PARK RD A	GROVE	OK	74344	\$65,246.99
ALLTRA CORP	1600 PARTRIDGE RD	DEWEY	OK	74029	\$21,804.07
AMERI-TI INC	5785 BIRD CREED AVE	CATOOSA	OK	74015	\$28,158.65
AMERICAN BANKERS INSURANCE CO	6501 W GORE	LAWTON	OK	73505	\$619,929.16
AMERICAN CANCER SOCIETY INC	1599 CLIFTON RD NE	ATLANTA	GA	30329	\$301,228.98
AMERICAN CASTINGS LLC	PO BOX 69	PRYOR	OK	74362	\$325,350.34
AMERICAN WOODMARK CORP	3102 SHAWNEE DR	WINCHESTER	VA	22601	\$61,205.45
ARINC INC #2	6400 S E 59TH ST	OKLAHOMA CITY	OK	73135	\$287,346.24
ARKANSAS BOX LLC	#1 ARCHERY LANE	POCOLA	OK	74902	\$39,126.70
AUTO-TURN MFG INC	9800 S 219TH EAST AVE	BROKEN ARROW	OK	74014	\$3,066.22
AXH AIR-COOLERS LLC	401 E LOWRY RD	CLAREMORE	OK	74017	\$499,994.48
BALON CORP	3256 S HATTIE AVE	OKLAHOMA CITY	OK	73129	\$113,172.45
BAMA COMPANIES INC #1	2745 E 11TH ST	TULSA	OK	74159	\$413,345.08
BANK OF OKLAHOMA NA	PO BOX 2300	TULSA	OK	74192	\$242,290.50
BOEING AEROSPACE OPERATIONS	8120 MID AMERICA BLVD STE 300	OKLAHOMA CITY	OK	73135	\$1,343,791.84
CALLIDUS TECHNOLOGIES LLC	7130 S LEWIS AVE #335	TULSA	OK	74136	\$333,576.96
CAMERON TECHNOLOGIES US INC	14450 JFK BLVD	HOUSTON	TX	77032	\$264,792.95
CAPITAL ONE AUTO FINANCE INC	15000 CAP ONE DR/12077-0270	RICHMOND	VA	23238	\$407,971.92
CARDINAL FG CO	775 PRAIRIE CTR DR STE 200	EDEN PRAIRIE	MN	55344	\$455,034.30
CASECO MANUFACTURING INC	19105 S HWY 66	CLAREMORE	OK	74017	\$37,524.06
CCA OF TENNESSEE LLC	10 BURTON HILLS BLVD	NASHVILLE	TN	37215	\$59,824.92
CHART COOLER SERV CO INC	5500 E INDEPENDENCE	TULSA	OK	74115	\$185,436.01
CHESAPEAKE OPERATING INC #2	6100 N WESTERN AVE	OKLAHOMA CITY	OK	73118	\$2,234,876.89
CLIMATE CRAFT INC #2	518 N INDIANA AVE	OKLAHOMA CITY	OK	73106	\$109,260.75
CLIMATE MASTER INC	7300 SW 44TH ST	OKLAHOMA CITY	OK	73179	\$196,080.94
CNI ADMINISTRATION SERVICES	2600 JOHN SAXON RD	NORMAN	OK	73071	\$276,553.78
COCA-COLA ENTERPRISES INC	2500 WINDY RIDGE PKWY STE 700	ATLANTA	GA	30339	\$498,511.25
CONOCOPHILLIPS CO	1490 H PLAZA OFFICE BLDG	BARTLESVILLE	OK	74006	\$2,149,041.41
COUGAR TOOL AMERICAS INC	9505 W RENO AVE	OKLAHOMA CITY	OK	73127	\$28,515.73
D&L MANUFACTURING INC	1915 S 49TH W AVE	TULSA	OK	74107	\$59,417.25
DAL-ITALIA LLC	PO BOX 12069	CALHOUN	GA	30703	\$785,087.63
DELL MKTG LP OBO DELL USA LP	PO BOX 676021	DALLAS	TX	75267	\$2,396,758.53
DELL USA LP #2	PO BOX 676021	DALLAS	TX	75267	\$1,313,482.14
DELOITTE CONSULTING LLP	100 KIMBALL DR	PARSIPPANY	NJ	07054	\$137,808.61
DEVON ENERGY PROD CO LP #2	20 N BROADWAY	OKLAHOMA CITY	OK	73102	\$1,505,399.77
DIRECTV CUSTOMER SERVICES INC	PO BOX 915 RE/R08/N366	EL SEGUNDO	CA	90245	\$764,537.59
DMI INDUSTRIES INC	15300 TIGER SWITCH RD	TULSA	OK	73116	\$336,344.48
DOLGENCORP LLC #2	401 GENERAL DRIVE	ARDMORE	OK	73401	\$220,982.34
DOLLAR TREE DISTRIBUTION INC	500 VOLVO PARKWAY	CHESAPEAKE	VA	23320	\$201,394.27
DOT FOODS INC	RT 99 SOUTH	MT STERLING	IL	62353	\$251,299.37
EAGLE SUSPENSIONS INC	1811 W ARKANSAS ST	DURANT	OK	74701	\$200,714.48
ENVIRO SYSTEMS INC	40000 HWY 99 N	SEMINOLE	OK	74868	\$86,164.48
EXTERRAN ENERGY SOL LP #2	20602 E 81ST ST	BROKEN ARROW	OK	74014	\$43,247.58
FARMERS INSURANCE GROUP	4680 WILSHIRE BLVD	LOS ANGELES	CA	90010	\$1,148,255.00
FLIGHT SAFETY INTERNATIONAL INC	2700 N HEMLOCK CIRCLE	BROKEN ARROW	OK	74012	\$74,707.27
GARVER ENGINEERS LLC	10015 E 51ST ST	TULSA	OK	74146	\$30,627.57
GCOE LLC	7950 JONES BRANCH DR	MCLEAN	VA	22107	\$92,414.11
GEA RAINEY CORP	5202 W CHANNEL RD / P OSTEN HF	CATOOSA	OK	74015	\$117,838.58
GMX RESOURCES INC	9400 N BROADWAY STE 600	OKLAHOMA CITY	OK	73114	\$116,447.16

GORDON BROS SUPPLY INC	5498 HWY 66 W	STROUD	OK	74079	\$33,775.58
HALLIBURTON ENERGY SERV INC #2	1015 BOIS D'ARC AVE	DUNCAN	OK	73536	\$66,863.37
HARSCO CORP	5215 ARKANSAS RD	CATOOSA	OK	74015	\$15,023.13
HARTFORD FINANCIAL SERV GROUP	200 EXECUTIVE BLVD	SOUTHINGTON	CT	6489	\$177,168.88
HUBER ENGINEERED WOODS LLC	PO BOX 1250	BROKEN BOW	OK	74728	\$159,589.93
HYATT SHARED SERV CENTER LLC	830 CITY AVE	MOORE	OK	73160	\$332,050.14
I C BUS OF OKLA LLC #2	2232 N MINGO RD	TULSA	OK	74116	\$2,066.13
IC BUS OF OKLA LLC #1	2322 N MINGO RD	TULSA	OK	74116	\$374,575.58
ICON CONSTRUCTION INC	9909 W UNIVERSITY DR STE 510	MCKINNEY	TX	75071	\$45,805.23
IMATION ENTERPRISES CORP	1 IMATION PL	OAKDALE	MN	55128	\$114,704.14
IMTEC IMAGING LLC	2401 N COMMERCE	ARDMORE	OK	73401	\$49,746.23
INTERNATIONAL BUS MACH 3 & 4	1301 K ST NW STE 1200W	WASHINGTON	DC	20005	\$319,888.38
INTERNATIONAL INS BROKERS LTD	303 REUNION CENTER 9 E 4TH ST	TULSA	OK	74103	\$130,939.16
JASCO PRODUCTS CO LLC	311 NW 122ND	OKLAHOMA CITY	OK	73114	\$257,260.06
JOHN ZINK CO LLC	11920 E APACHE	TULSA	OK	74116	\$54,070.54
KANBAR PROPETY MGMT LLC	15 E 15TH ST STE 2700	TULSA	OK	74103	\$87,600.51
KEMPER VALVE & FITTINGS CORP	PO BOX 400	WAUCONDA	IL	60084	\$14,222.03
KIRKWOOD METAL SERVICES LLC	3153 N LEWIS AVE	TULSA	OK	74110	\$19,125.15
LAREDO PETROLEUM INC	15 W 6TH ST STE 1800	TULSA	OK	74119	\$344,742.96
LEVEL 3 COMMUNICATIONS LLC #2	1025 ELDORADO BLVD	BROOMFIELD	CO	80021	\$283,503.89
M & M ENGINEERED PRODUCTS LLC	522 N ASH ST	NOWATA	OK	74048	\$9,562.28
MAGELLAN MIDSTREAM HOLD GP LLC	ONE WILLIAMS CENTER MD 28-8	TULSA	OK	74172	\$922,228.12
METCRAFT INC	P903 E 104TH ST STE 130	KANSAS CITY	MO	64131	\$8,055.48
MID AMERICAN STL & WIRE LLC #2	PO BOX 296	MADILL	OK	73446	\$79,638.71
MID AMERICAN STL & WRE LLC #1	799 HWY 70 S	MADILL	OK	73446	\$183,299.07
MIDCO FABRICATORS INC	PO BOX 1711	GAINESVILLE	TX	76241	\$69,674.12
NATIONAL STEAK PROCESSORS #2	301 E 5TH	OWASSO	OK	74055	\$124,547.03
NEWFIELD EXPL MID-CONTINENT IN	ONE WILLIAMS CTR STE 1900	TULSA	OK	74172	\$57,619.14
NORTH AMERICAN PETRO CORP USA	1335 W CAUSEWAY APPROACH	MANDEVILLE	LA	70471	\$32,439.35
OCEAN DENTAL CORP OFFICE INC	206 W 6TH AVE	STILLWATER	OK	74074	\$24,870.79
OFFICE MAX INC #1	150 E PIERCE RD	ITASCA	IL	60143	\$468,740.48
OFFICE MAX INC #2	150 E PIERCE RD	ITASCA	IL	60143	\$470.32
OKLA DEPT OF COMMERCE	6601 BROADWAY EXT STE 200	OKLAHOMA CITY	OK	73116	\$16,000.00
ORTHOCARE INNOVATIONS LLC	800 RESEARCH PKWAY STE 310	OKLAHOMA CITY	OK	73104	\$48,423.92
PACCAR INC #2	750 HOUSER WAY NORTH	RENTON	WA	98055	\$2,823.54
PAETEC COMMUNICATIONS INC	400 WILLOWBROOK OFFICE PARK	FAIRPORT	NY	14450	\$465,519.07
PELCO STRUCTURAL LLC	1501 INDUSTRIAL BLVD	CLAREMORE	OK	74017	\$207,219.64
PETRA INDUSTRIES INC	2101 S KELLEY AVE	EDMOND	OK	73013	\$66,167.24
PLIANT CORP	1 EDISON DR	MCALESTER	OK	74502	\$4,838.58
POWER COSTS INC	3550 W ROBINSON STE 200	NORMAN	OK	73072	\$171,246.60
PRIMARY NATURAL RES III LLC	7134 S YALE STE 430	TULSA	OK	74136	\$2,787.00
PRYOR CHEMICAL CO	16 S PENNSYLVANIA	OKLAHOMA CITY	OK	73107	\$221,954.27
QUARTER TURN RESOURCES INC	3505 W NORTH AVE	PONCA CITY	OK	74601	\$59,768.35
QUESTAR EXPLOR & PROD CO	PO BOX 45601	SALT LAKE CITY	UT	84145	\$243,990.99
RUHRPUMPEN INC	4501 S 86TH ST EAST AVE	TULSA	OK	74145	\$167,625.83
SAMSON INVESTMENT CO #2	TWO WEST SECOND ST	TULSA	OK	74103	\$139,119.80
SAMSON RESOURCES CO #2	TWO WEST SECOND	TULSA	OK	74103	\$409,249.82
SAMSON RESOURCES CO #3	2 W 2ND ST SAMSON PLAZA	TULSA	OK	74103	\$39,102.53
SANDRIDGE OPERATING CO	PO BOX 548807	OKLAHOMA CITY	OK	73154	\$3,356,940.99
SELECT ENGINEERING INC	1717 S BOULDER STE 600	TULSA	OK	74119	\$44,420.53
SERVICE KING MFG INC	PO BOX 158	STROUD	OK	74079	\$232,233.26
SGS NORTH AMERICA INC	PO BOX 548	BARTLESVILLE	OK	74005	\$340,410.53
SHAW TULSA FABRICATORS INC #2	4171 ESSEN LANE	BATON ROUGE	LA	70809	\$763,627.70
SIGMA PROCESSED MEATS INC	701 E GOODHOPE RD	SEMINOLE	OK	74868	\$291,362.61
SIMONTON BUILDING PROD INC	1 COCHRANE AVE	PENNSBORO	WV	26415	\$172,913.16
SITEL OPERATING CORP #1	3102 W END AVE STE 900	NASHVILLE	TN	37203	\$231,112.54
SITEL OPERATING CORP #2	3102 W END AVE STE 900	NASHVILLE	TN	37203	\$328,373.13
SOUTHERLAND INC	PO BOX 70129	NASHVILLE	TN	37207	\$15,138.72
SPIRIT AEROSYSTEMS INC	3330 N MINGO	TULSA	OK	74158	\$2,401,439.81
SPRINT SPECTRUM LP/T BUSCHERT	7900 COLLEGE BLVD	OVERLAND PK	KS	66210	\$1,710,997.64
STAR-TEK USA	111 HAVANA ST	AURORA	CO	80010	\$236,057.86
STATE INCOME TAX OBO DURANT DC	300 PHILLIPI RD	COLUMBUS	OH	43228	\$472,102.61

STONEHENGE PARTNERS INC	401 S BOSTON AVE STE 400	TULSA	OK	74103	\$10,335.22
SVC MANUFACTURING INC	3500 MAIN ST MAIP	PRYOR	OK	74361	\$187,253.45
T D WILLIAMSON INC	5727 S LEWIS AVE STE 300	TULSA	OK	74105	\$146,747.34
TECHNOLOGY DEVELOPMENT GRP INC	41901 WOLVERINE RD	SHAWNEE	OK	74804	\$490.77
THE CROSBY GROUP INC	2801 DAWSON RD	TULSA	OK	74110	\$16,871.39
THE PROF BASKETBALL CLUB LLC	211 N ROBINSON 3RD FLR	OKLAHOMA CITY	OK	73102	\$5,281,777.51
THERMA TRU CORPORATION	601 PAW PAW ROAD	ROLAND	OK	74954	\$61,038.86
THERMAL ENGINEERING INTL USA I	2110 N INDUSTRIAL DR	SAPULPA	OK	74066	\$2,326.21
TIGER TRUCK MANUFACTURING LLC	100 TIGER DR	POTEAU	OK	74953	\$89,252.16
TITAN TANKS & VESSELS LLC	PO BOX 321	GAINESVILLE	TX	76241	\$396,947.55
TORNADO ALLEY TURBO INC	1060 W MAIN	OKLAHOMA CITY	OK	73120	\$26,853.88
TRACKER MARINE LLC	3807 TAHOE WAY	MIAMI	OK	74354	\$303,939.18
TRISTAR GLASS INC	5566 S GARNETT	TULSA	OK	74146	\$55,603.24
TRITON SCIENTIFIC LLC	PO BOX 1902	PONCA CITY	OK	74602	\$109,641.82
TULSA COMBUSTION LLC	5416 S 49TH W AVE	TULSA	OK	74107	\$27,327.57
UNIT CORP	7130 S LEWIS STE 1000	TULSA	OK	74170	\$17,017.48
UNITED HEALTHCARE SERV INC	9900 BREN RD E MN008-E305	MINNETONKA	MN	55343	\$362,209.86
UNITED RECOVERY SYSTEMS LP	6506 S LEWIS AVE STE 260	TULSA	OK	74136	\$214,616.09
UNITED STATES CELLULAR CORP #2	4700 S GARNETT STE 100	TULSA	OK	74146	\$56,960.19
VALLEY TIMBERS LC	PO BOX 129	ANTLERS	OK	74523	\$36,085.81
VANGUARD CAR RENTAL USA INC	6929 N LAKEWOOD	TULSA	OK	74117	\$676,264.75
VENTURA REFINING & TRANSMISSIO	301 NW 63RD ST STE 320	OKLAHOMA CITY	OK	73116	\$28,417.95
VICTORY ENERGY OPER LLC	10701 E 126TH ST N	COLLINSVILLE	OK	74021	\$66,327.86
WAL-MART STORES EAST LP	1301 SE 10TH ST	BENTONVILLE	AR	72716	\$1,437,582.97
WEATHERNEWS AMERICA INC	350 DAVID BOREN BLVD STE 1000	NORMAN	OK	73072	\$157,943.93
WELLMAN PRODUCTS LLC	1110 W TENKILLER RD	CATOOSA	OK	74015	\$250,892.90
WEST BUSINESS SERV LLC #1	11808 MIRACLE HILLS DR	OMAHA	NE	68154	\$650,203.03
WEST BUSINESS SERV LLC #2	11808 MIRACLE HILLS DR	OMAHA	NE	68154	\$13,389.58
WILLBROS ENGINEERS (US) LLC	2087 E 71ST ST	TULSA	OK	74136	\$41,424.66
WILLIAMS COMPANIES	ONE WILLIAMS COMPANY MD 48	TULSA	OK	74172	\$478,133.89
YUBA HEAT TRANSFER LLC	2121 N 161ST EAST AVE	TULSA	OK	74116	\$9,794.97
ZEECO INC	22151 E 91ST ST	BROKEN ARROW	OK	74014	\$317,397.16
ZELEDYNE LLC	17333 FEDERAL DR STE 230	ALLEN PARK	MI	48101	\$1,226,927.70
					\$54,011,640.39

Source: Oklahoma Tax Commission

## Appendix E - Senate Bill 1267

Many Oklahoma credits available against corporate and individual income taxes will be subject to a two-year moratorium from July 1, 2010, through June 30, 2012. The credits otherwise authorized may not be claimed for any event, transaction, investment, expenditure or other act occurring on or after July 1, 2010, for which the credits would otherwise be allowable. However, beginning July 1, 2012, the credits may be claimed for any event, transaction, investment, expenditure or other act occurring on or after July 1, 2012, according to the applicable statutory provisions.

27A O.S. § 2-11-303 -Credit for Hazardous Waste Control  
68 O.S. § 2357 - Gas Used in Manufacturing Credit  
68 O.S. § 2357.4 - Oklahoma Investment/New Jobs Credit  
68 O.S. § 2357.6 - Credit for Energy Assistance Fund Contribution  
68 O.S. § 2357.11 - Coal Credit  
68 O.S. § 2357.25 – Oklahoma Agricultural Producers Credit  
68 O.S. § 2357.26 - Credit for Employers Providing Child Care Programs  
68 O.S. § 2357.27 - Credit for Entities in the Business of Providing Child Care Services  
68 O.S. § 2357.30 - Small Business Guaranty Fee Credit  
68 O.S. § 2357.32A - Credit for Electricity Generated by Zero-Emission Facilities  
68 O.S. § 2357.32B - Credit for Manufacturers of Small Wind Turbines  
68 O.S. § 2357.33 - Credit for Food Service Establishments that Pay for Hepatitis A Vaccination for their Employees  
68 O.S. § 2357.41 - Credit for Qualified Rehabilitation Expenditures  
68 O.S. § 2357.46 - Credit for the Construction of Energy Efficient Homes  
68 O.S. § 2357.47 - Credit for Modification Expenses Paid for an Injured Employee & Credit for Wages Paid to an Injured Employee  
68 O.S. § 2357.59 - Credit for Qualified Recycling Facility  
68 O.S. § 2357.66 - Credit for Qualified Ethanol Facilities  
68 O.S. § 2357.67 - Credit for Qualified Biodiesel Facilities  
68 O.S. § 2357.81 - Oklahoma Local Development and Enterprise Zone Incentive Leverage Act Credit  
68 O.S. § 2357.100 - Poultry Litter Credit  
68 O.S. § 2357.101 - Film or Music Project Credit  
68 O.S. § 2357.102 - Dry Fire Hydrant Credit  
68 O.S. § 2357.104 - Credit for Railroad Modernization  
68 O.S. § 2357.203 - Credit for Breeders of Specially Trained Canines  
68 O.S. §§ 2357.302 & 2357.303 - Credits for Employers in the Aerospace Sector  
68 O.S. § 2357.304 - Credit for Employees in the Aerospace Sector  
68 O.S. § 2370 - Credit for Financial Institutions Making Loans under the Rural Economic Development Loan Act  
68 O.S. § 2370.3 - Credit for Stafford Loan Origination Fee  
68 O.S. § 54006 - Research and Development New Jobs Credit

**Note:** See House Bill 3024 for additional amendments to some of the credits listed above.

### House Bill 3024

Amends the moratorium on the Investment/New Jobs Credit found in Senate Bill 1267. The amendment provides that an Investment/New Jobs Credit can be established during the moratorium period of July 1, 2010 through June 30, 2012. The credits established during this period will accrue and may not be claimed until tax year 2012. 68 O.S. § 2357.4

Establishes a sunset date for the Credit for Investment in Qualified Electric Motor Vehicle Property. No credit will be allowed for investments in qualified electric motor vehicle property placed in service on or after July 1, 2010. 68 O.S. § 2357.22

Establishes a credit for the manufacturer of low-speed electric motor vehicles, medium-speed electric motor Vehicles or electric motor vehicles which are manufactured after June 30, 2010. The manufacturer must have a manufacturer exemption permit pursuant to Title 68 O.S. § 1359.2.

The credit will be as follows:

- For low-speed electric motor vehicles the credit is \$500 per vehicle manufactured.
- For medium-speed electric motor vehicles the credit is \$1,000 per vehicle manufactured.
- For electric motor vehicles, which are not low-speed or medium-speed vehicles, the credit is \$2,000 per vehicle manufactured.

Any credit allowed but not used will have a five year carryover provision. 68 O.S. 2357.402 (new law)

### **Senate Bill 1590**

A moratorium has been placed on the Small Business Capital Credit and the Rural Small Business Capital Credit. The moratorium shall be in effect for investments made on or after June 1, 2010 through December 31, 2011. 68 O.S. §§ 2357.62, 2357.63, 2357.73, 2357.74, 2361a (new law) & 2372a (new law)

### **House Bill 2519**

Extends for two years the expiration date of the Coal Credit from tax years ending on or before December 31, 2012 to tax years ending on or before December 31, 2014. 68 O.S. § 2357.11

Amends the Credit for Investment in a Clean-Burning Motor Vehicle Fuel Property. The tax credit for a vehicle originally equipped, or modified, to be propelled by a hydrogen fuel cell is only available for tax year 2010. The credit for property directly related to the delivery of a hydrogen into the fuel tank of a motor vehicle or a storage tank is only available for tax year 2010. 68 O.S. § 2357.22

Amends the moratorium on the Credit for Electricity Generated by Zero-Emission Facilities found in Senate Bill 1267. Reduces the moratorium by one-year, from June 30, 2012 to June 30, 2011. The amendment also provides that the Credit for Electricity Generated by Zero-Emission Facilities can be established during the moratorium period of July 1, 2010 through June 30, 2011; however, any credits established during this period will accrue and may not be claimed until tax year 2012. 68 O.S. § 2357.32A

Amends the moratorium on the Credit for Qualified Rehabilitation Expenditures found in Senate Bill 1267. The amendment provides that Credit for Qualified Rehabilitation Expenditures can be established during the moratorium period of July 1, 2010 through June 30, 2012; however, any credits established during this period will accrue and may not be claimed until tax year 2012. 68 O.S. § 2357.41

Source: Oklahoma Tax Commission