

determined by the Oklahoma Tax Commission. For eligibility requirements, contact (800) 522-8165.

Royalties earned by an inventor on products developed and manufactured in Oklahoma are exempt from state income tax for seven years when registered with the Oklahoma Center for the Advancement of Science and Technology (OCAST). OCAST, through the Oklahoma Inventors Assistance Service, provides seminars regarding patent searches, market analysis, product research and development.

An in-state manufacturer of a product developed in Oklahoma may exclude from taxable income 65% of the cost of depreciable property (including machinery, fixtures, equipment, buildings or substantial improvement of the building) purchased and used directly in manufacturing the product. The product must be patented or patent pending. The maximum exclusion is \$500,000. If the credit is not fully used in the year the depreciable property is placed in service, it may be carried forward four years.

## **2. Incubator Site Tenant Tax Exemption**

(74 O.S. § 5078)

For more information, contact the Oklahoma Department of Commerce at (405) 815-5143 or [rana\\_steeds@odoc.state.ok.us](mailto:rana_steeds@odoc.state.ok.us).

### **Downloads:**

[Download the Oklahoma Other Credits Form – 511CR](#)

A business incubator site is a facility in which small businesses may rent space, and where management provides business development services such as financial consulting and marketing assistance. Sponsors of an incubator may be exempt from Oklahoma income taxes on income earned from rental fees, other income derived from services provided to the tenants, or for providing funding for an incubator site. This exemption is for 10 years from the date of the tenant's occupancy within an incubator. A sponsor must be a certified incubator with the Oklahoma Department of Commerce.

The tenant of a certified incubator, or its owner, is exempt from state tax liability on income earned as a result of activities conducted as an occupant in an incubator for up to 10 years from the occupancy date in an incubator site in accordance with rules of the Oklahoma Tax Commission. The exemption remains in effect after the date the tenant is no longer an occupant in an incubator, but not to exceed a total of 10 years. In order to qualify for the income tax exemption for the 6th through 10th year, the tenant must make at least 75% of its gross sales to buyers located outside the state or to the federal government.

## **C. Worker Related**

### **1. The Work Opportunity Tax Credit Program (WOTC)**