



Oklahoma Incentive Evaluation Commission

Incentive Evaluation Update

December 5, 2024

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Today's Agenda

- Discussion and approval of progress memo for past recommendations.
- Next steps.



Report on Past Recommendations

- The 2023 changes to the incentive evaluation process required an annual report on actions related to past recommendations.
- That was provided for the first time in December 2023.
- The memo provided to you updates the earlier report to include 2023 Commission recommendations.
- As with last year, PFM queried the administering departments and reviewed statutory changes in putting it together.



December 6, 2023

Memorandum

To: Governor Stitt, Senate President Pro Tempore Treat, Speaker of the House McCall
From: Incentive Evaluation Commission
RE: Review of Prior Commission Recommendations

Senate Bill 745 from the 2023 legislative session was enacted into law and was effective on July 1, 2023. A section of that bill directs the Incentive Evaluation Commission to provide 'a review of prior Commission recommendations, and changes to statute or incentive administration related to incentive evaluation recommendations in a written report to the Governor, President Pro Tempore of the Senate, and Speaker of the House of Representatives.' The following provides that report to you.

For purposes of the report, this review is provided for the last incentive evaluation recommendations from the Commission, excluding the current year, as there would be no opportunity for the legislature or administering agencies to act on the 2024 recommendations. As a result, this encompasses statutory or administrative changes from Commission recommendations in 2019 through 2023. While the administering agencies were queried in compiling this list, it is not possible to independently verify the information that they have provided. That said, this can serve as a useful point of discussion in future evaluations of these incentives.

It should be noted that this excludes several actions taken by the Legislature and Governor, as well as administering agencies for the years 2016-2018. This most notably includes the termination going forward from July 1, 2017 of the refundable tax credit for zero emission facilities. This was a recommendation of the Commission in 2016, and the Legislature and Governor acted on that recommendation in 2017.

2019 Commission Recommendations:

Aircraft Facilities Sales Tax Exemption

1. Consider the policy goals of the exemption and modify them accordingly.
2. Explore the adoption of targeted tax preferences employed in other states.

These would require changes in statute. No statutory changes consistent with the recommendations have been made.

Spaceport Exemption

1. Consider supporting space-related startups with incubator/accelerator services and develop and expand supplier relationships.
2. Consider extending liability protections to those involved in spaceflight activities.

It does not appear as if these recommendations have been enacted in statute or in policy.



Next Steps

- PFM has informed the State purchasing division that it agrees to provide the contracted services to the State and the Incentive Evaluation Commission for the 2025 process.
- You may, of course, vote to end the contract at any time with 30 days notice.
- The requirement to establish the schedule for incentive review by January 1 was removed in the 2023 legislative changes. Now, the four-year schedule will have to be established by the Commission, but there is no 'date certain.'
- Based on the four-year schedule established by the Commission in January 2024, the following would be the incentives to be evaluated in 2025:



2025 Evaluated Incentives

- The grouping for 2025 is jobs and/or payroll related incentives, and the year they were last evaluated is in parenthesis:
 - Quality Jobs (2021)
 - Small Employer Quality Jobs (2021)
 - 21st Century Quality Jobs Program (2021)
 - Aerospace Employer & Employee Tax Credit (2020)
 - Automotive Employer & Employee Tax Credit (NEW)
 - Cybersecurity Employee Tax Credit (NEW)
 - Home Office Tax Credit (2021)
 - Training for Industry (TIP) (2023)
 - Investment/New Jobs Tax Credit (2022)
- The Commission has the opportunity to alter the schedule at any point in time.
- The full four-year schedule will be provided to the Commission for its consideration at the January Commission meeting.



Questions and Discussion