

**INCENTIVE EVALUATION COMMISSION****Meeting Minutes****Nov. 13, 2025, 10:00 AM****Oklahoma State Capitol****Senate Conference Room 230****Oklahoma City, OK 73105****MEMBERS PRESENT:**

Lyle Roggow, Chair designee of Select Oklahoma and Economic Development Partnership, Inc.

Carlos Johnson, CPA, appointed by the Oklahoma Accountancy Board

Earl Sears, appointed by the Speaker of the House of Representatives

Mark Wood, Chair of the Oklahoma Tax Commission, Ex-Officio; Non-Voting

Charles Ortega, OMES Executive Director designee; Non-Voting

**MEMBER VACANCY:**

Economist Member, Senate President Pro Tempore Appointment

**MEMBERS ABSENT:**

Mandy Fuller, Auditor/CPA, appointed by the Governor

Jon Chiappe, Secretary of Commerce designee, Ex-Officio; Non-Voting

**STAFF/GUESTS:**

Beverly Hicks, OMES

Howard McMurry, OTC

Randall Bauer, PFM

Amanda Hall, State Chamber

Lorena Massey, OTC

John Woods, Commerce

Jessica Haney, OTC

◆ *Office of Management and Enterprise Services (OMES)* ◆ *Public Financial Management Group Consulting LLC (PFM)*

◆ *OK Tax Commission (OTC)*

**1. Announcement of filing of meeting notice and posting of the agenda in accordance with the Open Meeting Act:**

Chairman Roggow informs the audience that the meeting has been moved from the Senate Conference Room (SCR 4s.9) to SCR 230. He confirmed that a meeting notice was filed with the Secretary of State and that the agenda was posted in accordance with the Open Meeting Act.

**2. Call to order and establish a quorum:**

Chairman Roggow called this regular meeting to order at 10:04 a.m. A roll call was taken, and a quorum was confirmed.

**3. Welcome/Introductions:**

Chairman Roggow welcomed attendees and live-streamed guests to the meeting.

**4. Approval of minutes from the October 23, 2025, Commission special meeting:**

Carlos Johnson moved to approve the meeting minutes of October 23. Rep. Sears seconded the motion. The following votes were recorded, and the motion passed:

Mr. Johnson, yes; Rep. Sears, yes; Mr. Roggow, yes.

##### **5. Discussion and possible action on Year 10, 2025 Incentives Evaluations.** [Chair]

Chairman Roggow noted that a public hearing was held, as recorded in the previous minutes, and that no individuals spoke either for or against any of the incentives and recommendations presented by PFM to the Commission on October 9. He considers it very unique and also conveys that the actions of the Commission provide valuable information.

PFM Consultant Randall Bauer explained the process for accepting, rejecting, or amending recommendations and provided an overview of the eleven incentives.

##### **Home Office Insurance Premium Tax Credit – PFM Recommendation: Reconfigure.**

Mr. Bauer discusses the Home Office Insurance Premium tax credit and presents four recommendations proposed by PFM for the Commission's consideration.

##### **Reconfigure the program to base the credit amount on payroll as opposed to premiums.**

While premiums have risen nationwide, corporations have been able to claim increasing benefits without necessarily demonstrating a consistent increased contribution to the State economy through jobs or payroll.

**Revise the program statute to base benefit tiers on payroll amount as opposed to number of jobs.** By tying the benefit tier to the payroll, the State can ensure that they are not only encouraging new jobs to be created, but they are encouraging well-paying jobs. Claimants who open, for example, an insurance claims call center may be able to record significant new employment, but it is likely not employment of the caliber the State is seeking to incentivize.

**Eliminate the credit and lower the insurance premium tax by a revenue neutral amount.** As previously noted, the State's insurance premium tax is higher than average among the states and lowering the tax would provide broad-based benefit to insurance companies.

Chairman Roggow inquired which of the three recommendations Mr. Bauer believes the Commission should prioritize for maximum impact and industry benefit. Mr. Bauer advised choosing the third option—eliminating the credit and reducing the insurance premium tax by a revenue-neutral amount. Mr. Roggow concurred with Mr. Bauer's recommendation.

Rep. Sears moved to accept PFM's recommendation, specifically recommendation three, as presented. Carlos Johnson seconded the motion. The following votes were recorded, and the motion passed:

Mr. Johnson, aye; Mr. Sears, aye; Mr. Roggow, aye.

**Quality Jobs Program – PFM Recommendation: Retain, with modifications.**

Mr. Bauer discusses the Quality Jobs Program and presents four recommendations proposed by PFM for the Commission’s consideration, highlighting that the first would have the most financial impact on the program.

**Require establishments to pay the average county wage regardless of the statewide threshold wage.** Currently, establishments must match the lesser of the county average or a state threshold wage equal to \$37,785 as of 2022. Eliminating the statewide threshold wage would ensure the program is encouraging the creation of jobs that at least maintain average wage levels in each county.

**Require participants to file rebate claims within one year of a qualifying quarter.** Currently, companies have two years to submit a claim after their most recent submittal before potential dismissal from the program. The lag time between when a rebate is generated and claimed makes forecasting the costs of the program difficult. Controlling the timing of incentive payments is a key aspect of incentive design to manage budget impacts. Furthermore, if a company waits two years to claim a rebate, it calls into question how important the rebate is in supporting the incentivized activity, as the relative value of the rebate (based on the time value of money) declines the later it is claimed and received. Shortening the lag time to a maximum of one year would still provide participants with sufficient time to handle the administrative burden of filing claims while protecting the State from paying up to eight quarters of claims at once if a participant waits two years to file a claim.

**Regularly review eligible industries to ensure the list reflects the State’s economic development goals.** Since the program was created, industry eligibility has expanded several times, most often to include oil and gas related firms. As time passes, the State should consider whether these and other industries are still the correct targets for the program, based on economic development goals.

**Review policy goals and national best practices to determine additional components of a “quality” job.** Wage and benefits have long been the target for programs in this area, but new types of benefits are becoming candidates for inclusion. For example, New York’s Excelsior program now includes credits for childcare expenditure as part of compensation. The Commerce Department should consider whether or not there are benefits that align with policy goals or State-wide priorities that could be easily incorporated into the Quality Jobs program.

Rep. Sears moved to accept PFM’s four recommendations as presented. Carlos Johnson seconded the motion. The following votes were recorded, and the motion passed:

Mr. Johnson, aye; Mr. Sears, aye; Mr. Roggow, aye.

**21<sup>st</sup> Century Quality Jobs Program – PFM Recommendation: Retain, with modifications.**

Mr. Bauer discusses the 21<sup>st</sup> Century Quality Jobs Program and presents three recommendations proposed by PFM for the Commission’s consideration.

**Require participants to file rebate claims within one year of a qualifying quarter.**

**Regularly review eligible industries to ensure the list reflects the State’s economic development goals.**

**Consider providing an option for firms who fail to meet program requirements to continue receiving the Quality Jobs program benefits, if qualified.** Conversations with Department of Commerce staff suggest firms that may qualify for the 21st Century Quality Jobs program but are unsure if they will be able to meet the wage and payroll requirements, are hesitant to apply to the program. Currently, if a firm fails to meet program requirements within three years of starting the program and is removed from the program, it would be ineligible to apply for Quality Jobs benefits for the same activity, even if qualified.

Rep. Sears moved to accept PFM’s first and second recommendations as presented. Carlos Johnson seconded the motion. The following votes were recorded, and the motion passed:

Mr. Johnson, aye; Mr. Sears, aye; Mr. Roggow, aye.

**Small Employer Quality Jobs Program – PFM Recommendation: Retain, with modifications.**

Mr. Bauer discusses the Small Employer Quality Jobs Program and presents two recommendations proposed by PFM for the Commission’s consideration.

**Require participants to file rebate claims within one year of a qualifying quarter.**

**Regularly review eligible industries to ensure the list reflects the State’s economic development goals.**

Rep. Sears moved to accept PFM’s two recommendations as presented. Carlos Johnson seconded the motion. The following votes were recorded, and the motion passed:

Mr. Johnson, aye; Mr. Sears, aye; Mr. Roggow, aye.

**Aerospace Engineer Employee and Employer Tax Credit – PFM Recommendation: retain, with modifications.**

Mr. Bauer discusses the Aerospace Employee/Employer tax credit and presents two recommendations proposed by PFM for the Commission’s consideration.

**Increase the amount of the credit by an amount that accounts for some or all of the reduction in value because of inflation since the credit's introduction.** Since the credit's introduction in 2009, inflation has reduced the value of the credit by 50.6 percent. Due to these factors, the \$5,000 amount may no longer be sufficient to attract talent that would otherwise not locate in the State.

**Provide a list of frequently asked questions with the tax form in order to limit the number of ineligible claimants.** Despite clear language on the tax form itself, the by-right nature of the program and lack of clarity in identifying eligible programs contributes to a high volume of ineligible employees claiming credits.

Rep. Sears moved to accept PFM's two recommendations as presented, with an addition to the first recommendation increasing the credit amount from \$5,000.00 to \$10,000.00. Carlos Johnson seconded the motion. The following votes were recorded, and the motion passed:

Mr. Johnson, aye; Mr. Sears, aye; Mr. Roggow, aye.

**Cyber Security Employee Tax Credit (New) – PFM Recommendation: Retain.**

Mr. Bauer discusses the Cyber Security Employee tax credit and presents the following recommendation proposed by PFM for the Commission's consideration.

**To enhance program compliance, provide a list of frequently asked questions with the tax form on the Oklahoma Tax Commission website in order to avoid confusion around eligibility from applicants.**

Rep. Sears moved to accept PFM's recommendation as presented. Carlos Johnson seconded the motion. The following votes were recorded, and the motion passed:

Mr. Johnson, aye; Mr. Sears, aye; Mr. Roggow, aye.

**Investment/New Jobs Tax Credit – PFM Recommendation: Reconfigure.**

Mr. Bauer discusses the Investment/New Jobs tax credit and presents the following five recommendations proposed by PFM for the Commission's consideration.

**Eliminate the job creation tax credit for manufacturing firms.** The job creation portion of the program has low and declining utilization, indicating that many firms may already be opting for the Quality Jobs Tax Credit. Further, the low wage requirement creates essentially no threshold for claimants, limiting the incentive ability of the program.

**Raise the wage threshold to at minimum meet the average annual wages for manufacturing employees in the State.** By creating a higher wage threshold, Oklahoma can both ensure the quality of jobs created and ensure a stronger return on investment due to increased consumer spending and greater income and sales tax revenues derived from newly created jobs.

**Require an application process for claimants instead of offering benefits by right and include requirements for awarded tax credits.** An application process will ensure that claimants meet eligibility criteria, help tie the use of the credit to the investment activity, and limit exposure to runaway costs associated with by-right entitlement.

**Limit the indefinite carryforward period for capital investment credits to seven years.** The lengthier carryforward period dilutes the value of credits and creates an ever-growing tax credit liability for the State. This could ‘grandfather’ in existing credits.

**Amend the program statute to require additional data collection.** The Oklahoma Tax Commission currently collects data from claimants through Form 506, however, this information is not stored in a way that makes it readily available for evaluation purposes.

Rep. Sears moved to accept PFM’s first recommendation to eliminate the job creation tax credit for manufacturing firms. Carlos Johnson seconded the motion. The following votes were recorded, and the motion passed:

Mr. Johnson, aye; Mr. Sears, aye; Mr. Roggow, no.

*Note: Because the Commission approved removing the first recommendation, the second recommendation is now irrelevant since the program has been discontinued.*

Rep. Sears moved to accept PFM’s third, fourth, and fifth recommendations as presented, with an addition to the fourth recommendation to limit the indefinite carryforward period for “prospectively” capital investment credits to seven years. Carlos Johnson seconded the motion. The following votes were recorded, and the motion passed.

Mr. Johnson, aye; Mr. Sears, aye; Mr. Roggow, aye.

**Excise Tax Exemption on Aircraft Sales – PFM Recommendation: Retain, with modifications.**

Mr. Bauer discusses the Excise Tax Exemption on Aircraft Sales and presents the following three recommendations proposed by PFM for the Commission’s consideration.

**Improve the data collection process.** Service Oklahoma should update its aircraft dealer report to require that the dealer explain whether the sale was taxable or exempt, and if exempt, for what reason. Additionally, Service Oklahoma should update its aircraft registration form for individuals to require that the owner state whether the aircraft was exempt from the excise tax and on what grounds.

**Focus the excise tax exemptions around a specific policy goal.** As currently structured, none of the State’s excise tax exemptions for aircraft sales include policy goals. Effective tax incentives are Aircraft Excise Tax Exemption Draft Evaluation 5 designed in support of well-defined

policy goals and objectives. Goals and objectives provide metrics that can support rigorous analysis of program effectiveness and return on investment. Well-defined goals facilitate the identification of policy targets (e.g., private sector jobs) and the identification and design of specific policy instruments (e.g., wage-based corporate tax credits to promote employment creation). In this case of this incentive, a specific policy goal might be to increase aerospace manufacturing industry employment.

**Identify the history of/basis for each excise tax exemption and evaluate whether it aligns with the State’s economic and policy goals.** There are 17 categories of aircraft sales that are exempt from the excise tax. Some, like the sale to state or federal government, can be categorized as tax rather than business incentive policy, as the government does not collect taxes from itself and cannot collect them from the federal government. Others can be considered discretionary and may not have a clear reason to exist without a specific policy goal. If an exemption is found to be out of alignment, consider repealing the specific tax preference.

Rep. Sears moved to accept PFM’s three recommendations as presented. Carlos Johnson seconded the motion. The following votes were recorded, and the motion passed:

Mr. Johnson, aye; Mr. Sears, aye; Mr. Roggow, aye.

**Aircraft Maintenance or Manufacturing Facilities Sales Tax Exemptions – PFM Recommendation: Retain, with modifications.**

Mr. Bauer discusses the Aircraft Maintenance/Manufacturing Facilities Sales Tax Exemptions and presents the following recommendation proposed by PFM for the Commission’s consideration.

Consolidate statutory references. The sales tax exemptions are outlined in Sections 1357(16) and 1357(17) of Title 68, covering sales of computers, data equipment, and materials used in qualified aircraft facility construction or expansion. Other Title 68 sections address administrative provisions, though some contain unrelated or outdated references. Consolidating these provisions into a single section would improve clarity and administrative efficiency.

Rep. Sears moved to accept PFM’s recommendation to consolidate statutory references as presented. Carlos Johnson seconded the motion. The following votes were recorded, and the motion passed:

Mr. Johnson, aye; Mr. Sears, aye; Mr. Roggow, aye.

**Aircraft Facilities Sales Tax Exemption on Aircraft Parts – PFM Recommendation: Retain, with modifications.**

Mr. Bauer discusses Aircraft Facilities Sales Tax Exemption on Aircraft Parts and presents the following two recommendations proposed by PFM for the Commission’s consideration.

**Identify an achievable policy goal for the Sales Tax Exemption on Aircraft Parts.** While the aircraft and aerospace MRO industry is vital to Oklahoma, the current exemption does not directly point to a specific policy goal and thus is not aligned with incentive best practices.

**Consider integrating the exemption into maintenance or manufacturing sales tax exemption.** Currently, Oklahoma offers both a sales tax exemption for sales made at a qualified aircraft maintenance facility as well as an exemption for purchases of materials that will be integrated into the construction or expansion of a qualified aircraft maintenance facility. While the exemptions are targeting two distinct purchases, there is overlap and redundancy with the overall intent, and growth in the aircraft maintenance industry in Oklahoma may be better achieved with a more uniform aircraft maintenance facility exemption.

Rep. Sears moved to accept PFM's two recommendations as presented. Carlos Johnson seconded the motion. The following votes were recorded, and the motion passed:

Mr. Johnson, aye; Mr. Sears, aye; Mr. Roggow, aye.

**Aircraft Repairs and Modifications Sales Tax Exemptions – PFM Recommendation: Retain, with modifications.**

Mr. Bauer discusses the Aircraft Repairs and Modifications Sales Tax Exemptions and presents the following three recommendations proposed by PFM for the Commission's consideration.

**Consider tracking the number of exemptions claimed and amount reinvested into Oklahoma.** The Oklahoma Tax Commission may consider capturing data around number of value of total exemptions claimed to allow for further analysis of fiscal and economic impacts.

**Consider integrating the exemption into the maintenance or manufacturing sales tax exemption.** Currently, Oklahoma offers both a sales tax exemption for sales made at a qualified aircraft maintenance facility as well as an exemption for purchases of materials that will be integrated into the construction or expansion of a qualified aircraft maintenance facility. While the exemptions are targeting two distinct purchases, there is overlap and redundancy with the overall intent, and growth in the aircraft maintenance industry in Oklahoma may be better achieved with a more uniform aircraft maintenance facility exemption.

**Identify specific policy goals for which the Aircraft Repairs and Modifications Sales Tax Exemption can achieve.** While the aircraft and aerospace MRO industry is vital to Oklahoma, the current exemption does not directly point to a specific policy goal and thus is not aligned with incentive best practices.

Rep. Sears moved to accept PFM's three recommendations as presented. Carlos Johnson seconded the motion. The following votes were recorded, and the motion passed:

Mr. Johnson, aye; Mr. Sears, aye; Mr. Roggow, aye.

Mr. Bauer concluded his presentation by outlining the remaining steps for this year.

Commissioner Sears, in closing, expresses concerns about the legislative process and emphasizes the importance of House and Senate members reviewing the report and developing legislation.

**6. New Business:** No unexpected new business was reported.

**7. Announcements:**

Chairman Roggow announced that the next commission meeting is scheduled for December 4, at 10:00 a.m. in Senate Conference Room 4s.9.

**8. Adjournment:**

There being no further business, Rep. Earl Sears made the motion to adjourn. Carlos Johnson seconded the motion. Seeing no opposition, the Chair adjourned the meeting at 11:58 AM.