



Oklahoma Incentive Evaluation Commission

Year 11 Project Kick-off

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Today's Agenda

- PFM Team
- Incentive evaluation statutory requirements
- Year 11 timeline and activities
- Suggested schedule for evaluations, 2026-2029.
- Draft Criteria for 2026 Evaluations (separate document)
- Next steps



Introducing the PFM Team

- **Randy Bauer, PFM Director.** Project Manager. Has led the Oklahoma evaluations since 2016. Has also led incentive evaluations for the states of Hawaii, New Jersey, New Mexico, New York, Ohio, and Wisconsin. Will be leading a three-year incentive evaluation project for the state of Maine.
- **Joe Buckshon, PFM Senior Managing Consultant.** Deputy Project Manager. Has had this role for the past three years. Senior member of the teams for New York and Wisconsin. Also leading an incentive evaluation project for the city of Philadelphia.
- Mallory Richards, **PFM Senior Managing Consultant.** Newly promoted, this is her second year on this project. Has also been a key member of incentive evaluations for the states of New York and Wisconsin.
- **Charlie Bell, PFM Analyst.** Second year on this project.
- **Dr. Ellen Harpel, Founder, Smart Incentives.** Subject Matter Expert. Has been a part of the Oklahoma PFM team for six years. Also a part of the PFM project teams for New York, Ohio, Vermont, and Wisconsin.



Definition of an Incentive for Evaluation

- The statute provides a specific definition of incentives that are subject to evaluation.
- “Incentive means a tax credit, tax exemption, tax deduction, tax expenditure, rebate, grant, or loan that is intended to encourage businesses to locate, expand, invest, or remain in Oklahoma, or to hire or retain employees in Oklahoma.”
 - Not solely tax incentives (although those are largest category)
 - Purpose must be to encourage businesses to take actions (locate, expand, invest or remain or to hire or retain employees in Oklahoma).
 - The Commission has chosen to be (somewhat) expansive by considering secondary effects, such as programs that assist communities with infrastructure.
- Threshold for evaluation
 - The Commission has set a threshold of required evaluation at \$1 million a year.
 - However, the Commission has chosen to waive that threshold on occasion for public policy purposes.



Incentive Evaluation Process Timeline

- The Commission and PFM have, over the years, settled on the current evaluation process:
 - **January meeting:** Commission approves the four-year evaluation schedule and the criteria for evaluation.
 - **March/April meeting:** PFM discusses the incentives background document and benchmarking for each incentive.
 - **August meeting:** PFM provides confidential rough drafts (no findings, recommendations, or economic impact) to the Commission in mid-August and discusses each incentive in detail at the subsequent meeting.
 - **October 1:** statutory deadline for draft evaluations provided to the Commission, and PFM discusses findings and recommendations at the 1st October meeting.
 - **Second October meeting:** Commission holds a public hearing, and PFM makes any needed final edits and provides final drafts to Commission.
 - **November meeting:** Commission votes on each incentive evaluation recommendation(s). PFM will now provide a report on outcomes of past recommendations'
 - **December meeting:** Commission approves final report to Governor and Legislature and votes on whether to extend contract with PFM.



Four-Year Schedule for Incentive Evaluations

- The initial legislation required the Commission to each year set a four-year schedule for evaluations, and each incentive had to be evaluated no less than every four years.
- Revisions made in 2024 changed this to each incentive being evaluated within a four-year cycle.
 - This gives the Commission more flexibility to group incentives with similar purposes or that target certain industries or activities.
 - However, the wording means that newly created incentives must be evaluated within the four-year cycle.
 - The Commission has the authority to exempt those new incentives from evaluation in the cycle when they have not yet generated the necessary financial impact.
 - They could then be revisited in the next cycle if/when they generate sufficient impact.
- The four-year schedule is provided as a separate document.



Suggested Incentives to Evaluate in 2026

- Quick Action Closing Fund (last evaluated 2022)
- Capital Gain Deduction (2022)
- Tax Deduction for Eligible Investors (New)
- Business Expansion Incentive Program (BEIP) and the Oklahoma Innovation Expansion Program (OIEP) Pooled Finance (2023)
- Public Private Partnership (P3) Pooled Finance (2023)
- Computer Services & Data Processing Tax Exemption (2023)
- Construction Materials Tax Refund (2023)
- Oklahoma Affordable Housing Tax Credit (2022)
- Clean Burning Fuel Tax Credit (2021)
- Ethanol Fuel Tax Credit (2021)



Individual Incentives Criteria for Evaluation

- The statute provides that “Evaluation criteria shall be developed for each incentive evaluated by the Commission. Each incentive shall be evaluated using criteria specific to the individual incentive.”
- The separate document provides the project team’s recommended criteria for evaluation in 2026.
 - For comparison purposes, the document also provides the approved criteria for evaluation from the most recent prior evaluation of the incentive.
 - In all instances, there is little change in the criteria, which are largely driven by the purpose of the incentive.
 - Where the purpose is not stated in legislation, the project team looks to its statutory construction and discussions with administering agencies to infer it.
 - The project team has added some criteria, mostly focused on a longer-term perspective of the incentive’s use and outcomes.
- The Commission may, if it chooses, revise/add/subtract criteria.
- The criteria subcommittee reviewed the document and had no changes.



Next Steps

- PFM will provide the annual background document at the next Commission meeting, which is scheduled for April 9, 2026.
 - The background document provides ‘foundational’ information on each incentive subject to evaluation.
 - It includes the incentive purpose, characteristics (refundable, transferable, carry forward, dollar caps, etc.), use, and information on similar programs in other states.
- The project team is always available to answer any questions related to the evaluation process or the specific incentives under review.

Questions and Discussion

