



State of Oklahoma

Incentive Evaluation Commission

Economic Development Pooled Finance Evaluation

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Contents

Key Findings and Recommendations..... 3

Introduction..... 6

Incentive Usage and Administration..... 8

Economic and Fiscal Impact 14

Incentive Benchmarking 17



Key Findings and Recommendations



Overview

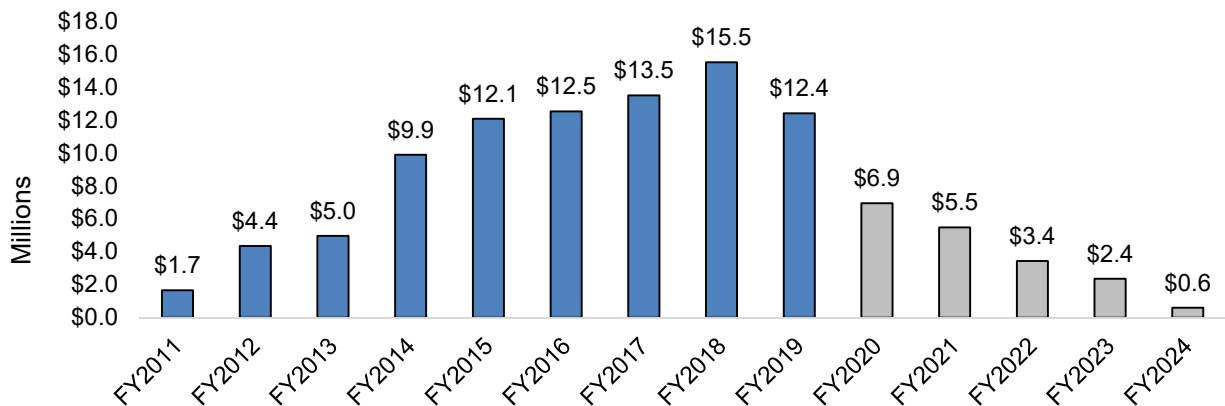
The Economic Development Pooled Finance Program was established in 2009 by the Oklahoma Community Economic Development Pooled Finance Act. The Legislature sought to support economic development and public infrastructure projects for the purpose of attracting private investment, creating jobs, and developing infrastructure essential to a safe and productive environment for state residents and visitors. The program seeks to accomplish this through a \$200 million pool of financing made available to for-profit entities for an economic development project, or two or more local governments for a local infrastructure project. Debt is issued by the Oklahoma Development Finance Authority (ODFA) to finance a project that receives approval from the Department of Commerce (Department). The debt is repaid by the recipient either through captured withholding taxes generated by a for-profit entity receiving funding, or a new tax or tax increase levied by the local governments receiving funding.

Recommendation: Based on its analysis of available data, the project team recommends retaining the program with minor modifications.

Key Findings

- **All Projects that have received financing through the program expect to create 4,269 jobs and make capital investment of \$1.5 billion.** The average funding received by pooled finance beneficiaries is about \$4.3 million.
- **Since FY 2011, \$86.9 million in withholding tax revenue has been foregone by the State as part of the program.** Foregone withholding tax revenue peaked in FY 2018 and is projected to decline through FY 2025, pending additional financing awards. If no new financing awards are made, the program is expected to reduce state revenue by an additional \$21.8 million from FY 2020 to FY 2025.

Figure 1: Actual and Projected Foregone Revenue, FY 2011 - FY 2025



- **The average wage of new jobs associated with Economic Development Pooled Finance projects is \$33,447.** Of the total new jobs reported, 77.2 percent had reported average wages less than the county average at the time funding was awarded by the Department, although all new jobs pay a wage exceeding the state threshold wage used by Quality Jobs with the exception of two most projects receiving awards in FY 2019. However, the funding provided to projects with low average wages is relatively small. These projects received only 12.9 percent of total funding provided by the



program and averaged \$2.2 million per project, compared to the overall project average of \$4.0 million.

- **Over the past five years, the average number of years required to recoup the incentives offered was three years.** Assuming these firms are still in business after three years, the return on investment to the State for these projects is positive.
- **No pool funds have been used for local government infrastructure projects.** The program was originally intended to be used by local governments to finance infrastructure projects in addition to for-profit entities. However, the program has never been used by a local government for this purpose. Reasons for this likely include the requirement for a voter-approved tax increase in order to repay debt, as well as the requirement that two or more local governments work together on the infrastructure project. As a result, the program was reconfigured to allow all pooled funds to be used for either for-profit companies or local government projects.

Other Findings

- **On average, 18 percent of the capital investment associated with a project is funded by this program.** This is often a greater dollar benefit for the company than may be obtained through the Quality Jobs or the Investment Tax Credit (ITC) programs. The project team's analysis found that 14 of the 25 projects funded by the program received a greater benefit than was available to them through Quality Jobs or the ITC.
- **Of 25 total projects receiving funding, 12 would not have met Quality Jobs Program requirements.** The Quality Jobs Program's requirement, that new jobs pay at least the county average wage, up to a state threshold wage, would not be met by 2 projects; further, 9 projects would not have met the Quality Jobs Program total new payroll requirement of \$2.5 million, and 1 project that may have been eligible for the Small Employer Quality Jobs program would not have met its job creation requirement.

Recommended Program Modifications

- **Add a clawback provision requiring a company to repay all captured withholding taxes if it ends operations in the State prior to the end of the expected repayment period.** Currently, there is no provision that would require a recipient firm to repay the State for foregone revenue in cases where project expectations are not met. This leaves the State vulnerable to losses in the event of a recipient going out of business or failing to create expected new jobs.
- **Establish regular reporting of awards and costs associated with the program.** There is currently no regular reporting of awards and costs required by statute. Other major State incentive programs, including the Quality Jobs Program and the Investment Tax Credit regularly report awards made, the recipients of the awards and other information. This reporting improves transparency and accountability. Without this reporting, the costs and benefits of the program are unclear to the public and other stakeholders.



Introduction



Incentive Evaluation Commission Overview

In 2015, HB2182 established the Oklahoma Incentive Evaluation Commission (the Commission). It requires the Commission to conduct evaluations of all qualified state incentives over a four-year timeframe. The law also provides that criteria specific to each incentive be used for the evaluation. The first set of 11 evaluations were conducted in 2016, 12 were conducted in 2017 and an additional 11 were conducted in 2018.

The Economic Development Pooled Finance program is one of 10 incentives scheduled for review by the Commission in 2019. Based on this evaluation and their collective judgment, the Commission will make recommendations to the Governor and the State Legislature related to this incentive.

Industry and Incentive Background

The program was established in 2009 by the Oklahoma Community Economic Development Pooled Finance Act. The Legislature sought to support economic development and public infrastructure projects for the purpose of attracting private investment, creating jobs, and developing infrastructure essential to a safe and productive environment for state residents and visitors.¹ The program seeks to accomplish this through a \$200 million pool of financing made available to for-profit entities for an economic development project, or two or more local governments for a local infrastructure project. Debt is issued by the Oklahoma Development Finance Authority (ODFA) to finance a project that receives approval from the Department of Commerce (Department). The debt is repaid by the recipient either by captured withholding taxes generated by a for-profit entity receiving funding, or a new tax or tax increase levied by the local governments receiving funding.

Criteria for Evaluation

A key factor in evaluating the effectiveness of incentive programs is to determine whether they are meeting the stated goals as established in state statute or legislation. In the case of this credit, the specific goal included in legislation is to attract private investment and job creation and to develop public infrastructure.

Additionally, to assist in a determination of program effectiveness, the Commission has adopted the following criteria:

- Job creation associated with financed projects;
- Capital investment (facilities, machinery and equipment) associated with financed projects;
- Comparison of performance of similar cities/counties in job creation and capital investment without using the program;
- State return on investment.

¹ O.S. 62-891.2



Incentive Usage and Administration



Incentive Characteristics

The program provides a pool of \$200 million available for either Infrastructure or Economic Development Pool purposes. The program intends to encourage investments in economic development projects for the purpose of creating jobs and attracting private investment.

The program is administered by the Department and the ODFA. The Department is responsible for processing applications submitted by local governments and for-profit entities, determining whether infrastructure and for-profit entity projects meet program requirements, and maintaining a prioritized list of projects eligible for funding. The ODFA then works to issue debt or provide other financing for projects on this list. All debt issued under the program is repaid through specific sources of revenue and cannot be general obligation debt. The maximum maturity of bonds issued by the ODFA for these purposes is 25 years, and the average coupon rate of each issuance is not permitted to exceed 14 percent per annum. Of the total \$200 million pool amount, 65 percent is reserved for use by projects in municipalities with a population of 300,000 or less.

The first of the two financing pools is the Infrastructure Pool. This pool was intended to provide financing for local governments to build roads, bridges, water treatment facilities, solid waste management facilities, railway systems, utility systems and other local government assets. Bonds issued by the ODFA for these purposes would be repaid using revenue generated by local government sales taxes approved by voters as well as other authorized revenue sources committed by the local governments.

The second pool, the Economic Development Pool, is intended to be used by for-profit entities in conjunction with a local government.² Debt issued by the ODFA as part of the Economic Development Pool is repaid using withholding taxes generated by new jobs created by the project or new and retained jobs as part of an expansion project. Captured withholding taxes are remitted to companies annually for the payment of debt service.

Legislation passed in 2019 created a third pool for Public-Private Partner Development, effective November 2019. The Public-Private Partner Development pool is intended to provide financing to eligible local government entities for authorized infrastructure projects that will benefit one or more businesses or federal government defense entities. Similarly to the Economic Development Pool, financings are to be repaid using captured withholding taxes generated by the businesses benefiting from the project.

Incentive Administration

Infrastructure Pool

In order to approve and prioritize projects, the Department has developed a scoring system for projects applying to each pool of financing. For the Infrastructure Pool, the Department developed criteria based on the federal government's criteria for administering the Community Development Block Grant. Upon approval by the Department, the ODFA is able to issue debt in order to finance the infrastructure project.

Local governments participating in the program may levy a new tax or modify the purposes of an existing levy in order to repay debt issued by ODFA. A question of whether to impose a new tax or modify the purposes of an existing levy for this reason must be submitted to the voters of each county or municipality.

² In order to participate in the program, a for-profit entity must be sponsored by the local government where the new or expanding facility is located.



The question must be clearly worded and specify the type of tax, the tax rate, and its purpose. The ballot must also clearly indicate the maximum maturity of the debt to be repaid.

The participating local governments are required to be financially responsible for repaying all debt issued by the ODFA in order to finance a qualifying project.

Economic Development Pool

For the Economic Development Pool, the Department uses a scoring system that considers capital investment by the for-profit entity, new direct jobs to be created by the entity, salary and wage payments associated with new direct jobs, and the likelihood of additional business location decisions resulting from the activity of the for-profit entity. In addition to assigning a score to the project, the Department evaluates each project to determine whether it is a net benefit to the State, typically over a period of 3 to 5 years. Only projects determined to be a net benefit for the state are permitted to receive program benefits.

The Department evaluates a project's benefit to the State as the total direct and indirect benefits, net of direct and indirect State costs. Statute defines the benefits and costs to be considered:

- Estimated Direct State Benefits – the tax revenues projected by the Department to accrue to the State as a result of new direct jobs;
- Estimated Indirect State Benefits – the indirect new tax revenues projected by the Department to accrue to the State, including, but not limited to, revenue generated from ancillary support jobs directly related to the primary business;
- Estimated Direct State Costs – the costs projected by the Department to accrue to the State as a result of new direct jobs. The costs include, but not be limited to education, public health, public safety, transportation services, other state services provided to new state residents.
- Estimated Indirect State Costs - the costs projected by the Department to accrue to the State as a result of new indirect jobs. The costs include, but not be limited to education, public health, public safety, transportation services, other state services provided to new state residents.

The for-profit entity applying for financing receives a letter of determination from the Department indicating whether the project is approved. If approved, the entity will be permitted to have its withholding taxes captured for the purposes of repaying Economic Development Pool debt. The amount of net benefit provided by the project, as calculated by the Department, determines the amount of debt issued to fund a qualifying project.

All debt issued by the ODFA for the purpose of the economic development pool is considered non-recourse debt – meaning there is no State or ODFA obligation to pay principal and interest on the debt to bondholders. The debt is to be repaid solely from the captured withholding taxes and any additional revenue committed to debt repayment by the company receiving financing.

Recipients of Economic Development Pool benefits are prohibited from also receiving benefits from the Quality Jobs or ITC programs.



Historic Use of the Program

Infrastructure

The program has never been used for local government infrastructure purposes. Financing for these projects requires voters of two or more counties or municipalities to approve new taxes to repay debt. The program also passes ultimate responsibility for repayment of the debt on to the participating local governments. It also requires two counties or municipalities to work together toward one infrastructure project. These factors make the program difficult for local government participation, both politically and logistically.

Economic Development

Since the inception of the program, \$100.8 million has been awarded to economic development pool projects that were expected to create a total of 4,269 new jobs and retain 12,279 jobs. The average wage of the new jobs is \$33,447, and the payroll associated with the new jobs totals \$142.8 million. A full listing of awards by fiscal year can be seen in **Appendix A**.

Table 1: Economic Development Projects, FY 2010 - FY 2019

Fiscal Year of Award	Number of Projects	Total Funding
2010	2	\$35,000,000
2011	0	\$0
2012	3	\$28,000,000
2013	7	\$25,250,000
2015	3	\$7,000,000
2014	3	\$8,500,000
2016	2	\$3,500,000
2017	0	\$0
2018	1	\$600,000
2019	4	\$7,500,000
Total	25	\$100,750,000

Source: ODFA

The first project funded through the Economic Development Finance Pool benefitted Hitachi Computer Products, which planned to expand its operations in Norman. The Economic Development Finance Pool funded \$15.0 million of Hitachi's capital investment. The Cleveland County Industrial Authority (CCIA) worked with Hitachi to apply for this funding. Under the financing agreement between Hitachi, CCIA, and ODFA, Hitachi leases the land where the new facility was constructed to CCIA, while CCIA uses the proceeds from bonds issued by ODFA to build the facility. Hitachi pays CCIA rent in an amount sufficient to pay debt service to ODFA. Hitachi makes rent payments using captured withholding taxes from the new and retained jobs related to the new facility.

Since this initial project, no other projects have used this financing approach. In addition to the relatively complex structure (including subleases), it also had high issuance costs relative to all projects that followed it. The total cost of debt issuance for the Hitachi project was \$349,400, while the average issuance cost for all subsequent projects was under \$20,000.

The following details the method of financing for all projects following the Hitachi project:



1. The ODFA executes a taxable note based on the amount of financing recommended by the Department using its net benefit analysis.
2. The ODFA provides the proceeds from the taxable note issuance to the qualified company.
3. The company uses the proceeds to buy the taxable note.
4. The company holds the note and pays project costs as they occur.
5. All or a portion of all income taxes withheld from employees at the project site are transferred to the company once per year to repay the note.

The amount of project funding offered by the program is flexible. Since the offered funding is determined by the Department based on its net benefit analysis, it has ranged from \$0.6 million to \$20.0 million per project. The funding provided as a percentage of the overall capital investment of the project also varies, ranging from 1.0 percent to 88.0 percent of capital investment. On average, financing awarded accounted for about 15 percent of capital investment.

Table 2: Economic Development Pooled Finance Detail

Fiscal Year	Funding Awarded	Capital Investment	Percentage of Capital Investment	Retained Jobs	New Jobs	Average Wage of New Jobs	Total New Payroll
2010	\$35,000,000	\$167,000,000	21.0%	2,685	150	\$47,000	\$7,050,000
2011	\$0	-	-	-	-	-	-
2012	\$13,400,000	\$209,188,355	6.4%	643	189	\$50,124	\$9,473,480
2013	\$25,250,000	\$190,033,263	13.3%	3,508	366	\$58,095	\$21,262,813
2014	\$8,500,000	\$54,095,000	15.7%	1,339	177	\$36,576	\$6,474,000
2015	\$7,000,000	\$132,453,950	5.3%	700	105	\$63,681	\$6,686,550
2016	\$3,500,000	\$83,350,000	4.2%	965	48	\$63,582	\$3,051,952
2017	\$0	-	-	-	-	-	-
2018	\$0	-	-	-	-	-	-
2019³	\$8,100,000	\$644,000,000	1.3%	2,439	3,234	\$27,454	\$88,785,920
Total	\$100,750,000	\$1,480,120,568	6.7%	12,279	4,269	\$33,446.88	\$142,784,715

Source: ODFA

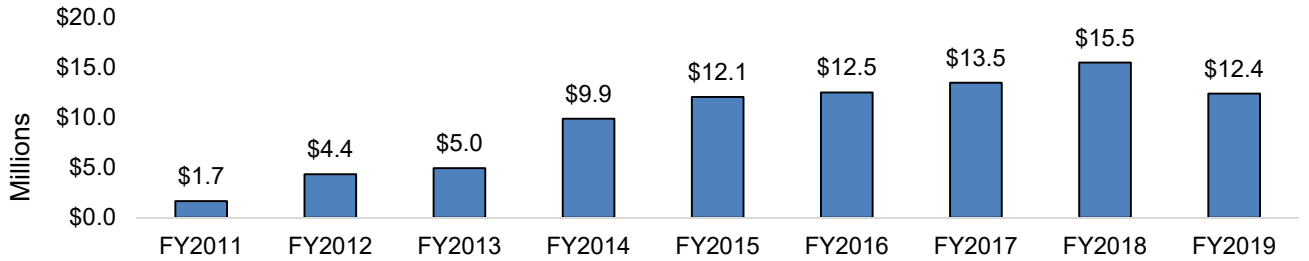
The amount of withholding tax from the project site that is captured is also flexible. For example, 6 of the last 7 projects receiving funding dedicated only a portion of the sites' withholding taxes for this debt repayment. CP Kelco and Johnson Controls agreements made in 2016 dedicate 80.0 percent of withholding taxes from their project sites for debt repayment. The Amazon agreement, as well as the most recent Whirlpool and Goodyear agreements, are repaid with a specific dollar amount of captured withholding taxes per year.

The following chart summarizes the actual cost to the State associated with the program, which is equal to the captured withholding taxes that have been used to make debt payments instead of contributing to state revenue. Since FY 2011, a total of \$86.9 million in withholding tax revenue has been foregone by the State as part of the program.

³ One project receiving funding in FY 2018 included in FY 2019 to preserve anonymity



Figure 2: Foregone Tax Revenue, FY 2011 - FY 2019

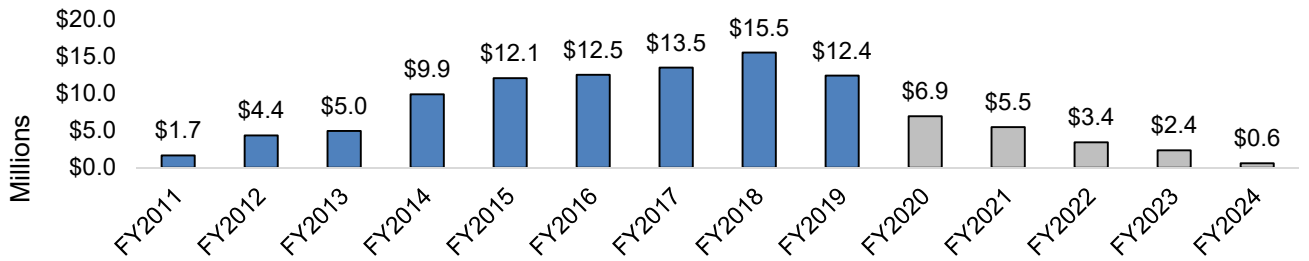


Source: ODFA

The ODFA maintains debt payment schedules based on expected withholding taxes generated by each project. Due to changes in employment, projects can repay debt faster or slower than anticipated. Of the 25 projects receiving funding, 7 have been fully repaid prior to the debt's maturity date. To date, no debt has gone unpaid beyond its maturity date.

Foregone withholding tax revenue peaked in FY 2018 and is projected to decline through FY 2024, pending additional financing awards. Based on actual payments to date and ODFA's repayment expectations, if no new financing awards are made, the program is expected to reduce State revenues by an additional \$18.8 million from FY 2020 to FY 2024.

Figure 3: Actual and Expected Foregone Revenue, FY 2011 - FY 2024



Source: ODFA

As debt is repaid, funds are made available again in the \$200 million pool. As of June 2019, a total of \$180.3 million is available for financing future projects, with \$116.8 million of the total available for projects in locations with a population of less than 300,000.



Economic and Fiscal Impact



Economic Impact Methodology

Economists use a number of statistics to describe regional economic activity. Four common measures are **Output**, which describes total economic activity and is generally equivalent to a firm's gross sales; **Value Added**, which equals gross output of an industry or a sector less its intermediate inputs; **Labor Income**, which corresponds to wages and benefits; and **Employment**, which refers to jobs that have been created in the local economy.

In an input-output analysis of new economic activity, it is useful to distinguish three types of effects: **direct**, **indirect**, and **induced**.

Direct effects are production changes associated with the immediate effects or final demand changes. The payment made by an out-of-town visitor to a hotel operator or the taxi fare paid for transportation while in town are examples of direct effects.

Indirect effects are production changes in backward-linked industries caused by the changing input needs of directly affected industries – typically, additional purchases to produce additional output. Satisfying the demand for an overnight stay will require the hotel operator to purchase additional cleaning supplies and services. The taxi driver will have to replace the gasoline consumed during the trip from the airport. These downstream purchases affect the economic output of other local merchants.

Induced effects are the changes in regional household spending patterns caused by changes in household income generated from the direct and indirect effects. Both the hotel operator and taxi driver experience increased income from the visitor's stay, as do the cleaning supplies outlet and the gas station proprietor. Induced effects capture the way in which increased income is spent in the local economy.

A multiplier reflects the interaction between different sectors of the economy. An output multiplier of 1.4, for example, means that for every \$1,000 injected into the economy, all other sectors produce an additional \$400 in output. The larger the multiplier, the greater the impact will be in the regional economy.

Figure 4: The Flow of Economic Impacts



The Pooled Finance program provides a pool of \$200 million available for either infrastructure or economic development projects. The program has never been used for local government infrastructure purposes. Therefore, this analysis focuses on economic development pool projects. Each company goes through a formal application process with the Oklahoma Department of Commerce. The Department of Commerce uses an in-house methodology and the REMI model to determine the net benefit to the State of Oklahoma after deducting direct and indirect expenses incurred by the State. This approach is a best practice used in many states to help ensure a positive return on investment, while creating an incentive program that achieves its goals of jobs creation and attracting private investment. For this program, there is a direct linkage between new job creation, private investment, and the incentive offered.

To evaluate the economic impact of the incentive program, the annual economic impact of each firm was calculated based on net new direct employment. Because the Department typically evaluates each project's net benefit to the State over a period of 3 to 5 years, the project team focused on how many years



it would take the State to recoup the incentives offered. The calculations were made using information related to new jobs, wage rate, NAICS code, and incentive amount. The IMPLAN model was used to calculate the impact of each firm in the program. Note, the Department's analysis also includes the economic impact of construction associated with each project. The construction spending by firm was not available for this analysis.

The following tables highlight the average annual economic and tax impact of projects receiving funding in each year. Over the past five years, the average number of years required to recoup the incentives offered was 3 years. Assuming these firms are still in businesses after 3 years, the return on investment to the State is positive.

Table 3: Annual Impact of Economic Development Pooled Finance Program

Year	Output	Value Add	Labor Income	Jobs
2014	187,861,640	64,343,145	34,308,210	596
2015	18,766,503	8,583,791	4,967,744	70
2016	18,629,541	6,820,382	4,486,631	90
2017	-	-	-	-
2018	178,911,216	91,127,447	40,546,999	569

Table 4: Pooled Finance Program Years for Repayment by Firm

Year	Value of Funding	Estimated Annual State of OK Tax Revenue	Years to Repay
2014	\$13,500,000	\$3,217,158	4.2
2015	\$2,000,000	\$463,525	4.3
2016	\$3,500,000	\$334,199	10.5
2017	-	-	-
2018	\$5,100,000	\$4,465,245	1.1
Total	\$24,100,000	\$8,480,127	2.8



Incentive Benchmarking



Benchmarking

For evaluation purposes, benchmarking provides information related to how peer states use and evaluate similar incentives. At the outset, it should be understood that no states are ‘perfect peers’ – there will be multiple differences in economic, demographic and political factors that will have to be considered in any analysis; likewise, it is exceedingly rare that any two state incentive programs will be exactly the same.⁴ These benchmarking realities must be taken into consideration when making comparisons – and, for the sake of brevity, the report will not continually re-make this point throughout the discussion.

The process of creating a comparison group for incentives typically begins with bordering states. This is generally the starting point, because proximity often leads states to compete for the same regional businesses or business/industry investments. Second, neighboring states often (but not always) have similar economic, demographic or political structures that lend themselves to comparison.

The project team was unable to find a truly comparable program in any other state. Many states, including Oklahoma, offer private activity bonds or other methods of financing to economic development projects, but no other state was found to use withholding taxes generated by the project to repay debt. Similarly, many states, including Oklahoma with its Quality Jobs program, encourage investment and job creation by offering tax credits or cash refunds connected to withholding taxes generated by new activity. However, no other state directly ties withholding taxes to the repayment of any financing. Oklahoma’s program combines the benefits provided to companies under each of these more common incentives into one incentive package. Participating firms benefit from a low interest rate associated with state-issued debt, while essentially receiving a refund of state withholding tax during the term of the debt.

It is difficult to draw meaningful comparisons to other state programs, because no other state combines these benefits like Oklahoma, and Oklahoma’s program does not have the strict requirements of many withholding tax credit or refund programs. However, there are features of withholding tax credit or refund programs that are notably absent from Oklahoma’s Economic Development Pooled Finance Program. The project team reviewed five comparable withholding tax credit or refund programs offered by Delaware, Indiana, Kansas, Michigan, and Missouri. Among these programs, all have specific wage requirements for new jobs and provided benefits only based on new jobs created by the qualifying project. Oklahoma’s Economic Development Pooled Finance program provides benefits tied to withholding taxes with no similar requirements.

For additional context to help better understand the benefits offered by the program, it is also helpful to compare it to Oklahoma’s other major incentives for capital investment and job creation: The Quality Jobs Program and the Investment Tax Credit.

Requirement Comparison

The Economic Development Pooled Finance program is similar to Quality Jobs in that each requires qualifying projects to be a net benefit to the state as calculated by the Department of Commerce. However, the Quality Jobs Program has more specific targets for wages and benefits of the jobs created by qualifying projects. It requires newly created jobs to pay wages equal to at least 100 percent of the county average wage, up to a state wage threshold wage which is currently \$34,263, for a company to provide healthcare benefits that are partially paid by the company, and for the company to create a total of \$2.5 million in new

⁴ The primary instances of exactly alike state incentive programs occur when states choose to ‘piggyback’ onto federal programs.



payroll. There is currently no minimum wage, healthcare, or payroll requirement for the Pooled Finance program.

The project team reviewed new jobs and payroll associated with each project receiving financing from the Economic Development Pooled Finance to determine if each would meet the requirements of Oklahoma's Quality Jobs Program. The analysis found that out of 25 total projects awarded funding, 12 would not have met Quality Jobs or Small Employer Quality Jobs Program requirements. The total funding awarded to these projects is \$38.6 million.

The Investment Tax Credit has fewer requirements. It does require companies to create net new jobs, but has no meaningful wage requirement. It also does not require a net benefit analysis to be performed by the Department.

Benefit Comparison

The Economic Development Pooled Finance program can provide a more generous benefit to companies compared to the Quality Jobs Program, despite the lower standards for job creation and the quality of created jobs. A review of each funded project that would have qualified for Quality Jobs showed that in all but one case, the award provided by the Economic Development Pooled Finance program is higher than the potential Quality Jobs Program payments in present value terms.

Many of the projects funded by the program have high amounts of capital investment. Therefore, it is also appropriate to compare the potential benefit that firms would receive from the Investment Tax Credit. A similar comparison shows that in most cases, Economic Development Pooled Finance awards are greater than the potential present value of the Investment Tax Credit. Eight projects received Pooled Finance awards that were less costly to provide than the state's more traditional incentives. If those companies had not participated in the Economic Development Pooled Finance, they may have qualified for a higher benefit from the Investment Tax Credit, but companies are not permitted to benefit from both simultaneously.

Three additional projects would qualify for the Quality Jobs Program and be able to combine it with the Investment Tax Credit due to capital investment of at least \$40 million. In these instances, the Economic Development Pooled Finance Program provided a lower benefit to the company for two projects.

Cost Controls

There are no clawback provisions associated with the pooled finance program as there are for the Quality Jobs Program. Under the Quality Jobs program, if a recipient company ends operations in the state within 3 years of receiving an award, all payments must be repaid to the state. The Economic Development Pooled Finance Program benefits from some cost protections as a result of its structure. For example, if a company does not meet employment expectations, it may not generate enough withholding taxes to repay the debt, leaving the balance to be repaid directly by the company. However, under this scenario the state would continue to forego some reduced amount of tax revenue. Under the Quality Jobs program, if a company does not meet employment expectations within three years, no incentive payments are made until expectations are met. Clawbacks are especially important to this program since the state's return on investment is often dependent on the company staying in Oklahoma long enough to recoup the State's investment.



Appendix A: Economic Development Pool Awards by Fiscal Year

Fiscal Year of Award	Project	Funding
2010	Hitachi	\$15,000,000
2010	Goodyear	\$20,000,000
2012	Parish Enterprises, Ltd.	\$1,500,000
2012	Process Manufacturing Co., Inc.	\$3,900,000
2012	International Paper Co.	\$8,000,000
2013	Advance Pierre Foods	\$3,000,000
2013	Lufthansa Technik	\$3,000,000
2013	Temtrol, LLC	\$2,500,000
2013	L-3 Aeromet	\$3,800,000
2013	Michelin	\$10,000,000
2013	Berry Plastics Corporation	\$950,000
2013	V&M	\$2,000,000
2014	Whirlpool	\$4,000,000
2014	Newell Coach	\$1,000,000
2014	Orchids Paper	\$3,500,000
2015	Bullet Energy	\$1,000,000
2015	Anchor Glass	\$2,000,000
2015	International Paper Co.	\$4,000,000
2016	CP Kelco	\$1,750,000
2016	Johnson Controls	\$1,750,000
2018	Solaris Logistics, LLC	\$600,000
2019	Whirlpool	\$2,000,000
2019	Goodyear	\$2,500,000
2019	Amazon OKC	\$1,500,000
2019	Amazon Tulsa	\$1,500,000
	Total	\$100,750,000