TITLE 252. DEPARTMENT OF ENVIRONMENTAL QUALITY
CHAPTER 100. AIR POLLUTION CONTROL

Before the Air Quality Advisory Council on December 9, 2026
Before the Environmental Quality Board on January 20, 2027

RULE IMPACT STATEMENT

Subchapter 49. Oklahoma Emission Reduction Technology Rebate Program
252:100-49-7 [AMENDED]

A. Statement of need for the rule change and legal basis supporting it.

The Department of Environmental Quality (DEQ) is proposing to amend Subchapter 49, Oklahoma Emission Reduction Technology Rebate Program in OAC 252:100, to extend the sunset provision date to July 1, 2029, pursuant to 68 O.S. § 55012. This proposed rulemaking extends the Program's cessation date and DEQ's associated responsibilities under the Oklahoma Emission Reduction Technology Incentive Act.

The legal basis for the proposed changes is supported by:
Environmental Quality Board; 27A O.S. §§ 2-2-101, 2-2-201, 2-3-402, and 2-5-106. Establishes a 13-member, rule-promulgating body for DEQ with authority to review, adopt, amend or repeal rules required to execute environmental laws and policies.
Air Quality Advisory Council; 27A O.S. §§ 2-2-201 and 2-5-107. Establishes a governor-appointed, stakeholder-driven body that holds public hearings and formally recommends all state air quality rules before adoption by the Environmental Quality Board.
Oklahoma Clean Air Act; 27A O.S. §§ 2-5-101 through 2-5-130. Establishes legal framework for Oklahoma's air quality program, granting DEQ statutory authority to monitor air quality, issue permits, enforce compliance, and implement requirements under the federal Clean Air Act.
Oklahoma Uniform Permitting Act; 27A O.S. §§ 2-14-101 through 2-14-304. Authorizes DEQ to develop and implement a three-tier permitting system that unifies public participation, legal notice requirements, and administrative procedures for all permits issued by DEQ.
Oklahoma Emission Reduction Technology Incentive Act; 68 O.S. § 55011. Directs DEQ and Oklahoma Tax Commission to jointly promulgate rules to manage and execute the Oklahoma Emission Reduction Technology Rebate Program.

B. Classification of rule change (major/non-major), justification for that classification, and business cost estimate over the first five (5) years.

The proposed rule is a non-major rule change because no new costs are expected with this rulemaking and thus the business cost estimate will not exceed the threshold of $1,000,000 over the initial five-year period following the promulgation of the proposed rule, as defined in 75 O.S. § 303(D)(3)(b). The rule amendment does not add any costs to facilities and instead extends facilities' opportunities to receive a rebate of up to 25% of their Emission Reduction Project costs.

C. **Description of the purpose of the proposed rule change, whether the change is mandated by federal law or is required to participate in or implement a federal program, and whether the change exceeds the requirements of the federal law.**
DEQ and the Oklahoma Tax Commission (OTC) jointly administer the "Oklahoma Emission Reduction Technology Rebate Program" to provide an incentive for "Emission Reduction Projects" – implementation of new and innovative technologies to reduce air pollutant emissions from oil and gas facilities. This is a state program and is not mandated by federal law or part of a federal program. The gist of this proposed rulemaking and the underlying reason for the rulemaking is to extend the Program's sunset date and DEQ's associated responsibilities under the Oklahoma Emission Reduction Technology Incentive Act as revised during the 2026 Oklahoma Legislative Session.

D. **Description of the classes of persons who most likely will be affected by the proposed rule(s), including classes that will bear the costs of the proposed rule(s), and any information on cost impacts received by the agency from any private or public entities.**
The classes of persons affected are the owners and operators of oil and gas facilities that have implemented a qualifying Emission Reduction Project and are potentially eligible for a rebate for associated expenses. The classes of persons who will bear costs are the owners and operators of facilities that prepare and submit a rebate claim under the program. DEQ has not received any information on cost impacts as of this date.

E. **Description of the classes of persons who will benefit from the proposed rule(s).**
The citizens of Oklahoma will benefit from implementation of qualifying Emissions Reduction Projects that reduce emissions, and owners and operators of oil and natural gas facilities that have implemented a qualifying Emission Reduction Project will benefit if they are eligible for a rebate for associated expenses.

F. **Comprehensive analysis of the rule change's economic impact, including impacts to the full-time-employee count of the agency, costs or benefits, a quantification of implementation and compliance costs on the affected businesses, business sectors, public utility ratepayers, individuals, state or local governments, and on the state as a whole, with a listing of all fee changes and justification for each fee change.**
There should be a net positive economic impact on affected classes of persons potentially eligible for a rebate under this program as they can receive a rebate of up to 25% of the costs of their Emission Reduction Project. No new costs are associated with these proposed changes and DEQ is not proposing any fee changes in this rule. There will be no impact to the full-time-employee count of the agency as DEQ will use existing staff for the program. Although no other agencies will be implementing these proposed DEQ regulations, the OTC will likely incur some additional costs in meeting its statutory obligations under the updated rebate program. DEQ did not evaluate any possible benefits to the OTC. DEQ will continue to use the existing $1,000 application fee to help offset costs for DEQ to administer the review of rebate claims under this rule. Other

program fees and federal grants will be used to fund the remaining costs to implement these regulations.

G. Detailed explanation of methodology and assumptions used to determine the economic impact, including dollar amounts calculated.

The proposed rule change is expected to have a positive economic impact on facilities that install emissions control technology projects and apply for a rebate. DEQ's methodology in determining the conclusion above is based on the potential rebate amount up to 25% of the cost of their emissions reduction technology. The proposed changes are not expected to affect the number of applications received on an annual basis. The application fee is intended to cover DEQ's administrative costs.

H. Determination of whether implementation of the proposed rule(s) will have an economic impact on any political subdivisions or require their cooperation in implementing or enforcing the rule(s).

DEQ anticipates no economic impact on political subdivisions. No political subdivision cooperation is required. DEQ will continue to be responsible for all aspects of implementation regarding its obligations under these regulations.

I. Determination of whether implementation of the proposed rule(s) may have an adverse economic effect on small business as provided by the Oklahoma Small Business Regulatory Flexibility Act.

DEQ anticipates no adverse effect on small business.

J. Any measures taken by the agency to minimize cost and impact of the proposed rule change on business and economic development in the state, local governmental units, and for individuals.

The proposed amendments to the existing rules are not expected to change the costs for facilities to document implementation of potentially eligible projects, including the associated expenditures and the actual emissions reduction achieved.

K. Determination of the effect of the proposed rule(s) on the public health, safety and environment and, if the proposed rule(s) is/are designed to reduce significant risks to the public health, safety and environment, an explanation of the nature of the risk and to what extent the proposed rule will reduce the risk.

The proposed rule will have a positive effect on public health, safety, and the environment and reduce risks if the rebate program serves as an incentive for additional facilities to implement Emission Reduction Projects but it is not designed to reduce specifically identified risks.

L. Determination of any detrimental effect on the public health, safety and environment if the proposed rule(s) is/are not implemented.

If the proposed rule is not implemented, the regulatory language would be in contradiction with the revisions made during the 2026 Oklahoma Legislative Session, that extended the Oklahoma Emission Reduction Technology Incentive Act sunset date from July 1, 2027, to July 1, 2029. Failure to update DEQ's rules could result in fewer

new voluntary Emission Reduction Projects, and loss of any potential benefits of such projects on public health, safety, and environment.

M. Analysis of alternatives to adopting the rule.
DEQ has determined that there are no less costly or nonregulatory or less intrusive methods of achieving the purpose of the proposed rule.

N. Estimates of the amount of time that would be spent by state employees to develop the rule and of the amount of other resources that would be utilized to develop the rule.
Approximately 40 hours would be spent on the research and development of this rule proposal by full-time state employees. Existing resources would be utilized to develop the rule, and no additional resources would be necessary.

O. Summary and preliminary comparison of any existing or proposed federal regulations that are intended to address the activities to be regulated by the proposed rule.
There are no existing or proposed federal regulations that are intended to address the activities covered by the proposed rule. This is a state-only program.

P. This rule impact statement was prepared on: November 2, 2026
Modified on: