

## Brownfields Financial Incentives

The availability of capital, especially for financing site cleanup, remains the biggest challenge to Brownfields reuse. Oklahoma works to address this by establishing financial incentives using direct financing tools, indirect financial assistance and tax incentives.

### Oklahoma Quality Jobs Act

The Oklahoma Quality Jobs Act is made up of the Quality Jobs Program, 21st Century Quality Jobs Program and Small Employer Quality Jobs Program.

The Quality Jobs Program provides an incentive for companies to expand or relocate jobs to Oklahoma by providing a rebate of 5 percent of newly created taxable payroll for 10 years. A no-payroll threshold applies to basic industries that locate their principal business activities on contaminated properties of at least ten acres. These properties must qualify as a federal Superfund removal site, a National Priorities List (NPL or Superfund) site, a site formally deferred to the state in lieu of NPL listing, or a site that was remediated pursuant to an order of the Oklahoma Department of Environmental Quality (including Brownfields). Businesses must offer basic health insurance coverage and meet a minimum wage requirement.

The 21st Century Quality Jobs Program allows for qualifying companies to deduct up to 10 percent of the taxable payroll of new jobs, to be paid in cash on a quarterly basis for up to 10 years. This provides appropriate incentives to attract growth industries and sectors to Oklahoma in the 21st century through a policy of rewarding businesses with a highly skilled, knowledge-based workforce.

The Small Employer Quality Jobs Program offers qualifying enrolled companies quarterly cash rebates, of up to 5 percent of newly created taxable payroll, for up to 7 years. To qualify for the rebates, the company must meet requirements related to size of the business as well as employment, health insurance and wages. This supports the creation of quality jobs in small businesses in basic industries in Oklahoma.

### Brownfields Community Reinvestment Act

In 1977, Congress enacted the Community Reinvestment Act (CRA) to require banks and other lenders to make capital available in low- and moderate-income communities. Lenders subject to the Community Reinvestment Act can claim community development loan credits for loans made to help finance environmental cleanup or redevelopment at industrial sites.



## Oklahoma Sales Tax Code Exemptions

The Oklahoma Sales Tax Code allows an exemption for machinery, equipment, fuels and chemicals incorporated into the treatment process to substantially reduce the volume of harmful properties of hazardous waste at facilities approved by DEQ for the cleanup of contamination.

## Oklahoma Brownfields Cleanup Revolving Loan Fund

This fund provides low interest loans to private industries, local governments and tribes for the cleanup of properties contaminated by hazardous substances or petroleum. Periodically, DEQ may sponsor grant competitions for governmental entities and nonprofit organizations.

## Federal Tax Incentives for Brownfields

- New Markets Tax Credits – allow investors to deduct 39 percent of their investment in Community Development Entities from federal income taxes.
- Low Income Housing Tax Credits – an indirect federal subsidy that can be used to finance the development of affordable rental housing for low-income households.
- Historic Tax Credits – a 20 percent tax credit is available for the rehabilitation of income-producing buildings that are determined by the Secretary of the Interior to be certified historic structures.
- Investment Tax Benefits for Economic Development in Opportunity Zones – investors can defer tax on any prior gains until the date the investment is sold or exchanged, or by December 31, 2026, so long as the gain is reinvested in a Qualified Opportunity Fund. Or, if an investor holds the investment in the Opportunity Fund for at least ten years, the investor can sell the investment free of capital gains tax. To become a Qualified Opportunity Fund, an eligible taxpayer self-certifies.

## Clean Water State Revolving Loan Fund and Drinking Water State Revolving Fund

These funds can be used to address water quality aspects at Brownfield sites, and assessment and construction of drinking water infrastructure at Brownfields.

## Water Infrastructure Finance and Innovation Act

In 2014, Congress established the Water Infrastructure Finance and Innovation Act (WIFIA) to offer low-cost supplemental financing of water and wastewater infrastructure projects-- which can address water quality aspects of Brownfields.

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