

**INCENTIVE EVALUATION COMMISSION  
Regular Meeting Minutes  
Nov. 14, 2024, 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  
Mandy Fuller, Auditor/CPA appointed by the Governor  
Earl Sears, appointed by the Speaker of the House of Representatives  
Mark Wood, Chair of the Oklahoma Tax Commission, Ex-Officio; Non-Voting  
Jon Chiappe, Secretary of Commerce designee, Ex-Officio; Non-Voting  
Ryan Bair, OMES Executive Director designee

**MEMBERS ABSENT:**

Dr. Saleh Tabrizy, an Economist appointed by the President Pro Tempore of the Senate

**STAFF/GUESTS:**

Beverly Hicks, OMES	Tony Toups, Advantage Capital
Lorena Massey, OTC	Mandi Boehringer, OK Investment Fund
Randall Bauer, PFM	Ryan Kilpatrick, Amber Integrated

◆ *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. [Lyle Roggow, chairman]**

Chairman Roggow confirmed that the meeting complied with the Open Meeting Act.

**2. Call to order and establish a quorum. [Chair]**

Chairman Roggow called this regular meeting to order at 10:10 a.m. A roll call was taken, and a quorum was established. A meeting notice was filed with the Secretary of State, and the agenda was posted in accordance with the Open Meeting Act.

**3. Welcome/Introductions. [Chair]**

Chairman Roggow welcomed commission members and guests to the meeting.

**4. Approval of minutes from October 24, 2024, Commission meeting:**

Rep. Earl Sears moved to approve the meeting minutes of October 24. Mandy Fuller seconded the motion. The following votes were recorded, and the motion passed:

Ms. Fuller, aye; Mr. Sears, aye; Mr. Roggow, aye.

**5. Discussion and possible action on Year 9, 2024, Incentive Evaluations. [Chair]**

<b>Oklahoma Rural Jobs Program</b>	<b>Five Year Ad Valorem Tax Exemption</b>
<b>Invest in Oklahoma Program</b>	<b>Historic Rehabilitation Tax Credit</b>
<b>The Oklahoma Leverage Act</b>	<b>Film Enhancement Rebate</b>
<b>Seed Capital Fund</b>	<b>Film and Television Companies Sales Tax Exemption</b>
<b>Small Business Incubator Tenants Tax Exemption</b>	<b>Tourism Development Act</b>
<b>Technology Business Financing Program</b>	<b>Quality Events Act</b>

**Oklahoma Rural Jobs Program** – Recommendation: Retain, and allow the program to sunset in 2032, with another review of this program in 2028. The Rural Jobs Act went into effect on November 1, 2022 and is intended to provide support to the state’s rural communities by incentivizing rural development through existing lending agencies. It is scheduled to sunset on November 1, 2032. Based on the Act, the Department of Commerce (Department) has \$100 million in capital investment authority to be invested by approved rural funds over a six-year period. Five funds have received \$20 million each and have been approved to issue this capital investment to projects or businesses primarily located in rural areas in exchange for a capped tax credit. These tax credits are capped at an aggregate \$15 million per calendar year across the entire program. The rural funds can only claim their tax credits in years three through six of the programs and are only able to claim 15 percent of the total tax credit each year.

Rep. Earl Sears moved to accept PFM’s recommendation to retain the Oklahoma Rural Jobs Program. Mandy Fuller seconded the motion. The following votes were recorded, and the motion passed:

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

*Commissioner Carlos Johnson entered the meeting at 10:17 a.m.*

**Invest in Oklahoma Program** – Recommendation: Retain, with modifications, and remove from future evaluation. The Invest in Oklahoma Act is intended to increase investment in the state by providing opportunities for public pensions to invest in Oklahoma-based funds, which are selected based on a series of criteria related to their financial performance and history of investment in the state. It went into effect on November 1, 2021.

Mandy Fuller moved to accept PFM’s recommendation to retain with modifications and remove from future evaluations the Invest in Oklahoma Program. Rep. Earl Sears seconded the motion. The following votes were recorded, and the motion passed:

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

**The Oklahoma Leverage Act** – Recommendation: Retain, with modifications. The Enterprise Zone Incentive Leverage Act (the “Leverage Act”) went into effect on July 1, 2000, through the passage of SB 71. The Act is intended to encourage economic development within designated enterprise zones. All investments or improvements made within an enterprise zone and must begin no later than December 31, 2029 and must be completed before December 31, 2034. It provides funding for local units of government to match local tax revenue dedicated to

support a project located in an enterprise zone, in support of a major tourism destination, or in support of a military growth impact. Enterprise Zones can be designated in disadvantaged counties, cities, or portions of cities. The state local government matching payment is made for the six-month periods preceding March 1 and September 1 of each calendar year and is equal to the lesser of the amount of local sales taxes that have been apportioned under the project plan or the net benefit rate multiplied by the actual gross sales derived from the project.

Rep. Earl Sears moved to accept PFM’s recommendation to retain, with modifications outlined in the report, the Oklahoma Leverage Act Program. Mandy Fuller seconded the motion. The following votes were recorded, and the motion passed:

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

**Seed Capital Fund** – **Recommendation: Retain.** The Oklahoma Seed Capital Fund (OSCF) provides concept, seed, and start-up equity investments to innovative Oklahoma businesses. It is funded through legislative appropriations to the Oklahoma Center for the Advancement of Science and Technology (OCAST). Fund investments are focused on industry sectors with technologies and proprietary products, processes, and/or know-how that provide high growth opportunities in addressable markets (e.g. advanced materials, aerospace, agri-sciences, biotechnology, communications technologies, energy, software/information technology, medical devices, nanotechnology, robotics, etc.).

OSCF focuses on opportunities that show promise of rapid growth in terms of revenue, increased employment and increased private investment capital. It also includes a pre-seed component that is intended to address the needs of companies requiring smaller seed capital investment that may develop into larger investment opportunities.

Mandy Fuller moved to accept PFM’s recommendation to retain the Seed Capital Fund Program. Rep. Earl Sears seconded the motion. The following votes were recorded, and the motion passed:

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

**Small Business Incubator Tenants Tax Exemption** – **Recommendation: Retain, with modifications.** The State of Oklahoma provides a corporate income tax exemption for up to 10 years for tenants of small business incubators, from the date of occupancy. Small business incubators must be certified by the Department of Commerce. The purpose of the incentive is to promote, encourage, and advance economic prosperity and employment through the state by creating a more favorable tax climate for the tenants, particularly as they graduate from the incubators.

Mandy Fuller moved to accept PFM’s recommendation to retain, with the understanding that the Department of Commerce and the Oklahoma Tax Commission will continue to look at how to take in this aggregated information and any impertinent information through other means the Small Business Incubator Tenants Tax Exemption Program. Carlos Johnson seconded the motion. The following votes were recorded, and the motion passed:

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

*Commissioner Bair exited the meeting at 10:54 a.m.*

**Technology Business Financing Program** – Recommendation: Repeal. The Oklahoma Center for the Advancement of Science and Technology (OCAST) was authorized to develop and implement a technology business financing program to provide funding and financing for and to assist qualified Oklahoma enterprises to commercialize a new product, service, technology, innovation, or process. Awards generally range from \$20,000 to \$50,000, and repayments are made through royalty payments.

Rep. Earl Sears moved to accept PFM’s recommendation to repeal the Technology Business Financing Program. Mandy Fuller seconded the motion. The following votes were recorded, and the motion passed:

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

**Five Year Ad Valorem Tax Exemption** – Recommendation: Retain, with modifications. The exemption was approved by voters through state question 588 in April 1985. The property tax exemption applies to all real and personal property necessary for the manufacturing of a product and facilities engaged in qualifying industries, and the Legislature has implemented it via state statute. The property tax exemption applies to new, acquired, or expanded manufacturing facilities in qualified industries. Facilities may qualify for the property exemption for up to five consecutive years if they continue to meet payroll and other requirements. The State reimburses local governments for the entirety of the property tax exemption.

In its inception, the program focused on what might be considered ‘traditional’ manufacturing of durable goods, but other industries qualify as well. These have included aircraft repair and rebuilding, computer services and data processing, distribution and warehousing, research and development, and electric power generation.

Since the exemption was last reviewed in 2016, the statute has been modified to clarify the definitions of qualifying construction costs and payroll. These changes have not made a significant difference in the administration of the program but has reduced the financial impact of the program. The most significant change to the program since the last review is the removal of wind facilities from eligibility for new exemptions. The Legislature made this modification in 2015, and it took effect on January 1, 2018.

Mandy Fuller moved to accept PFM’s recommendation to retain, with modifications, the Five Year Ad Valorem Tax Exemption Program. Rep. Earl Sears seconded the motion. The following votes were recorded, and the motion passed:

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

**Historic Rehabilitation Tax Credit** – Recommendation: Retain. In 1992, as part of the Local Development Act, the Oklahoma Legislature introduced a tax credit for the rehabilitation of certified historic hotels and newspaper plants located in a tax increment or incentive district. Effective January 1, 2006, with the passage of HB 3024, credit eligibility was broadened to include the rehabilitation of any income-producing certified historic structure; the bill also allowed projects that qualify for the 20 percent federal credit to automatically qualify for the state credit

(also 20 percent) without additional paperwork. All requirements with respect to qualifying for the federal credit are applicable.

Rep. Earl Sears moved to accept PFM's recommendation to retain the Historic Rehabilitation Tax Credit Program. Mandy Fuller seconded the motion. The following votes were recorded, and the motion passed:

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

**Film Enhancement Rebate** – **Recommendation: Retain, with modifications.** The State of Oklahoma Film Enhancement Rebate Program provides a base incentive for qualified productions of 20 percent of qualified spend and uplifts that can increase the rebate to a maximum of 30 percent. There are multiple uplifts as well as limits on eligible expenses subject to the rebate. The program was modified substantially since the last evaluation in 2020.

Mandy Fuller moved to accept PFM's recommendation to retain, with the five modifications noted, the Film Enhancement Rebate Program. Rep. Earl Sears seconded the motion. The following votes were recorded, and the motion passed:

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

**Film and Television Companies Sales Tax Exemption** (Point-of-Sale Motion Picture Sales Tax Exemption) – **Recommendation: Reconfigure.** On or after July 1, 1996, the state of Oklahoma exempts sales of tangible personal property or services to a motion picture or television production company to be used or consumed in connection with an eligible production from the state and local sales and use tax. To qualify for the exemption, the motion picture or television production company must file required documentation and information with the Oklahoma Tax Commission (OTC).

Mandy Fuller moved to accept PFM's recommendation to reconfigure the Film and Television Companies Sales Tax Exemption Program. Rep. Earl Sears seconded the motion. The following votes were recorded, and the motion passed:

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

**Tourism Development Act** – **Recommendation: Retain.** This is the first evaluation of the Tourism Development Act. The Tourism Development Act is a sales tax credit intended to create new or expand existing tourism attractions in Oklahoma. It provides a tax credit of up to 10 percent of approved costs, capped at \$1 million, to companies who spend at least \$500,000 on tourism attractions, such as cultural or historic sites, recreational facilities, or destination hotels. These projects must attract at least 25 percent of visitors from outside the state and produce significant revenues. No credits will be awarded after January 1, 2026.

Rep. Earl Sears moved to accept PFM's recommendation to retain the Tourism Development Act Program. Mandy Fuller seconded the motion. The following votes were recorded, and the motion passed:

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

**Quality Events Act – Recommendation: Retain.** The Quality Events Incentive Act program was created in 2010 and launched in 2012, and it has been updated significantly twice since 2018. The amount of the incentive is determined by the Oklahoma Tax Commission (OTC) based on incremental sales tax revenues associated with a “quality” event. These events must be a new or existing event or meeting of a nationally recognized organization; national, international, or world championship; or managed or produced by an Oklahoma-based national or international organization.

The Incentive requires an ordinance of support prior to the event and an economic impact study to demonstrate its impacts. Local incentives must be disclosed and are included in calculations of awards by the OTC. The program is capped at \$250,000 per event and \$3,000,000 per year.

Mandy Fuller moved to accept PFM’s recommendation to retain the Quality Events Act program. Rep. Earl Sears seconded the motion. The following votes were recorded, and the motion passed:

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

**6. Announcements: Next meeting date.**

Chairman Roggow announced the next commission meeting date as December 5<sup>th</sup> at 10 a.m. in Senate Conference Room 4s.9.

**7. New Business. [Chair]**

There was no unforeseen new business reported.

**8. Adjournment**

There being no further business, Rep. Earl Sears made the motion to adjourn. Mandy Fuller seconded the motion. Seeing no opposition, the Chair adjourned the meeting at 11:47 a.m.