

State of Oklahoma

Incentive Evaluation Commission

Ethanol Fuel Retailer Tax Credit Draft Evaluation

September 30, 2026

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Key Findings and Recommendations



Incentive Overview

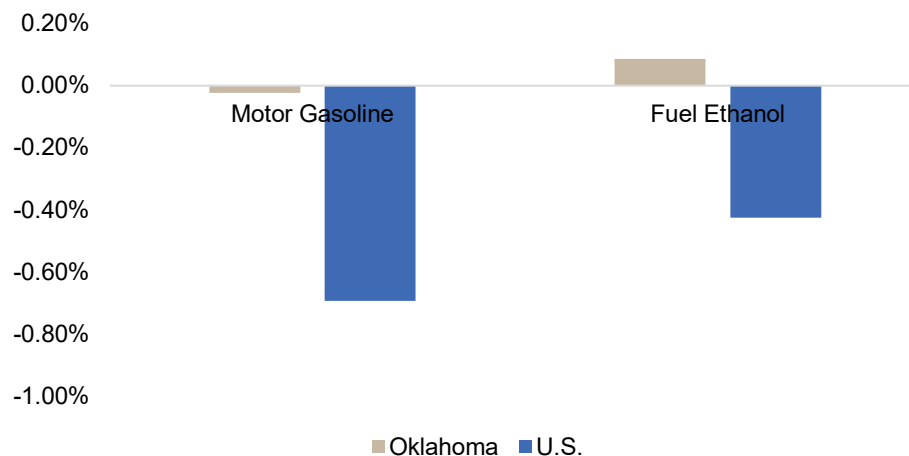
Oklahoma retailers that sell fuel blends of gasoline containing up to 15 percent ethanol by volume (E15) are eligible for a motor fuel tax credit of \$0.016 per gallon of ethanol blended into gasoline and sold in Oklahoma, as long as the retailer provides a price reduction to the purchaser of the ethanol fuel in the same amount.

Recommendation: Repeal

Key Findings

- **Use of the incentive by Oklahoma fuel retailers has remained relatively consistent over time.** The tax expenditures associated with the incentive have ranged between \$0.9 and \$1.6 million annually since 2013, averaging approximately \$1.2 million per year over the timeframe and decreasing by a compound annual growth rate (CAGR) of 3.3 percent. The total number of companies claiming the credit in a given year has fluctuated but generally remained flat in the aggregate over the same period – a CAGR of -0.9 percent.
- **Both Oklahoma and the U.S. have experienced slight declines in motor gasoline consumption, while Oklahoma had a slight increase in fuel ethanol consumption.** Since 2019, Oklahoma's consumption of fuel ethanol has increased by a CAGR of 0.09 percent, greater than its decreased consumption of motor gasoline (-0.02 percent). However, the State's increase in fuel ethanol consumption is surpassed by the U.S. as a whole, which declined by -0.42 percent.

Figure 1: Annual Growth in Consumption, 2019-2024



Source: U.S. EIA

- **In 2024, the 137.8 billion gallons of finished motor gasoline consumed in the U.S. contained approximately 14.2 billion gallons of fuel ethanol – equal to roughly 10.0 percent of the total volume of finished motor gasoline consumption.** This share has remained relatively constant in recent years, ranging from 8.9 to 10.6 percent since 2010.
- **While ethanol blended fuels are widely available in Oklahoma and nationwide, a common blend does not qualify for the incentive.** According to statute, retailers selling fuel blends of up to 15 percent ethanol are eligible. According to the Alternative Fuels Data Center, fuel blends of gasoline containing up to 10 percent ethanol by volume (E10) are available at nearly every fueling station, and E15 is sold at more than 3,000 stations in 31 states. There are more than 4,200 public stations in 43 states offering gasoline containing up to 83 percent ethanol by volume (E85), which



does not qualify. Some stations offer multiple ethanol blends in one location, often through blender pumps.

- **The program does not limit foregone revenue – but the State is not at risk of significant increases.** Currently there are no controls or caps built into the program to limit the fiscal impact of the incentive on the State. However, it is unlikely that the credits claimed will increase significantly. Given that the credit is passed along directly to the consumer, retailers do not currently have an added incentive to increase ethanol sales at their stores in order to receive refunds that exceed their investments.
- **Oklahoma’s incentive structure is unique among state ethanol incentives.** Rather than directing benefits to fuel retailers, Oklahoma structures its program as a pass-through, meaning consumers ultimately receive the benefit. This consumer-facing approach is rare, and only Oregon has offered something comparable with a program that expired nearly 10 years ago. The far more common model is to target incentives at retailers, and even then, the focus is typically not on encouraging the use of ethanol-blended fuels directly, but on offsetting the cost of infrastructure investments needed to support them.
- **The administrative processes associated with the incentive are not efficient.** Claim forms are not required to be submitted on any specific schedule, so the receipt of claims can be unpredictable for the Oklahoma Tax Commission (OTC) staff charged with reviewing and processing them. Further, a separate claim form must be completed for each retail location, which may be particularly cumbersome for larger retailers with multiple locations but also comes at a cost to the State.
- **The incentive does not further goals established by the 2025 Oklahoma Strategic Plan for Economic and Community Development.** The state has no ethanol production facilities, is not a major corn-producing state (which is the product most often converted into ethanol), and the credit does not create a meaningful competitive advantage for Oklahoma. In fact, ethanol directly competes with Energy (Oil and Gas), which is listed as the number one key industry for recruitment and retention.

Recommendations

- **Repeal the Ethanol Fuel Retailer Tax Credit.** Consider re-allocating the program’s financial resources to the State’s Tax Credit for Investments in Qualified Clean-Burning Motor Vehicle Fuel Property incentive



Introduction



Oklahoma Incentive Evaluation Commission Overview

The Oklahoma Incentive Evaluation Commission (Commission) was created in 2015 via HB 2182. The Commission is directed to produce objective evaluations of the State of Oklahoma's wide array of business incentives. The Commission is comprised of five voting members, with each appointed by the Governor, President Pro Tempore of the Senate, Speaker of the House of Representatives, Oklahoma Economic Development Partnership, and the Oklahoma Accountancy Board. Representatives of the Department of Commerce, the Office of Management and Enterprise Services, and the Oklahoma Tax Commission serve as ex officio (non-voting) members.

Under the enabling legislation, each of the State's business incentives¹ must be evaluated once every four years² according to a formal set of general criteria, including (but not limited to) economic output, fiscal impact, return on investment, and effectiveness of administration, as well as criteria specific to each incentive.

Since the Commission's inception, it has contracted with PFM Group Consulting LLC (PFM) to serve as the independent evaluator of each incentive scheduled for review. PFM issues a final report on each incentive with recommendations as to how Oklahoma can most effectively achieve the incentive's goals, including recommendations on whether the incentive should be retained, reconfigured or repealed. The reports also generally include recommendations for any changes to State policy, rules or statutes that would allow the incentive to be more easily or conclusively evaluated in the future.

The Commission is charged with considering the independent evaluator's facts and findings – as well as all public comments – voting to retain, repeal or modify each incentive under review. It then submits a final report to the Governor and Legislature.

In 2026, the Incentive Evaluation statute was revised to include additional requirements for the incentive evaluations. Most notably, these were:

- Analyze whether a business receiving the incentive would likely have taken any action required to receive the incentive in the absence of the incentive;
- Broaden the comparison of results of the incentive to other state of Oklahoma incentives or economic development strategies to also include other states;
- An assessment of whether the incentive furthers a strategic economic goal or an industry within this state;
- An assessment of whether the incentive creates a competitive advantage for Oklahoma by evaluating the overall effectiveness of the incentive at a macroeconomic level.

The SB 1990 statutory changes took effect on August 13, 2026. The PFM project team has, to the extent possible, taken them into consideration during the 2026 evaluation process. They will be more fully addressed during the 2027 incentive evaluation process.

Summary of 2021 Evaluation Findings and Recommendations

Based on the preceding framework, significant findings and recommendations from the 2021 evaluation of the Ethanol Fuel Retailer Tax Credit program are summarized in Table 1:

¹ The statute defines a business incentive as “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.”

² The statute provides the Commission the authority to set a threshold and choose to exempt from evaluation incentives that do not meet this threshold for foregone revenue or expenditures. That threshold is currently set at \$1.0 million.



Table 1: Summary of 2021 Evaluation Findings and Recommendations

Evaluation Category	Significant Finding(s)
Overall Findings	-Growth in Oklahoma’s consumption of fuel ethanol exceeds that of its consumption of motor gasoline, but it lags growth in fuel ethanol consumption for the U.S. as a whole. -While ethanol blended fuels are widely available in Oklahoma and nationwide, the most common blend does not qualify for the incentive. -Use of the incentive by Oklahoma fuel retailers has remained relatively consistent over time
Fiscal and Economic Impact	-The state’s return on investment for the credit is negative.
Future Fiscal Impact Protections	-The program does not provide specific financial protections but is unlikely to be at risk of significant increases.
Administrative Effectiveness	-Administrative processes with the incentive are not particularly efficient.
Achievement of Goals	
Retain, Reconfigure or Repeal	-Repeal and re-allocate the program’s financial resources to the State’s Tax Credit for Investments in Qualified Clean-Burning Motor Vehicle Fuel Property Incentive.
Other Recommendations	

Source: Incentive Evaluation Commission, 2021 Final Report: Ethanol Fuel Retailer Tax Credit

Based on PFM’s analysis and consideration of other factors, the Commission voted 4-0 to approve PFM’s recommendation to repeal the incentive. During the most recent session of the 58th Oklahoma Legislature, SB 412³ was introduced to repeal the program, but the measure failed to meet necessary procedural deadlines to continue progression in the legislative process. No statutory or programmatic changes have occurred since the 2021 Commission review.

2026 Criteria and Evaluation Approach

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 and, as noted previously, the provisions of HB 2182 require that criteria specific to each incentive be used for the evaluation.

In the case of the Ethanol Fuel Retailer Tax Credit, the program’s stated purpose at the time of adoption was to “increase the sale of ethanol-blended gasoline in Oklahoma.” In addition to this goal and the general evaluation factors discussed in the preceding section, the Commission has adopted the following criteria to assist in a determination of program effectiveness:

- Incentive usage over time (number and value of claims);
- Change in ethanol-blended fuel consumption versus non-blended fuel over time in Oklahoma and relative to other states;
- Change in ethanol-blended fuel as a share of total fuel consumed over time in Oklahoma and relative to other states;

³ 58th Oklahoma Legislature, “Senate Bill 412.” Accessed electronically at <https://legiscan.com/OK/text/SB412/id/2242983>



- Change in number/share of fueling stations selling ethanol-blended fuel over time in Oklahoma and relative to other states; and
- State return on investment.

To conduct its 2026 review of the Ethanol Fuel Retailer Tax Credit (based on the criteria described in the preceding), the PFM project team conducted the following activities:

- Submitted a data request to the OTC;
- Reviewed and analyzed OTC-provided data;
- Completed subject matter expert/internal stakeholder interviews with representatives from OTC;
- Conducted external stakeholder interviews with industry representatives; and
- Benchmarked Oklahoma to other states.



Background and History



Ethanol Fuel Background and History⁴

Ethanol, a renewable biofuel, is a clear, colorless alcohol made from a variety of biomass materials called feedstocks (the raw materials used to make a product). U.S. fuel ethanol producers mostly use food grains and crops with high starch and sugar content (such as corn, sorghum, barley, sugar cane and sugar beets) as feedstocks for making ethanol, though it can also be made from grasses, trees and agricultural and forestry residues (such as corn cobs and stocks, rice straw, sawdust and wood chips).

The origins of ethanol-blended fuel in the U.S. date back to the early 20th century, when Henry Ford designed the Model T to run on a mixture of gasoline and alcohol that he referred to as “the fuel of the future.” While ethanol was one of the first automotive fuels in the U.S., with the exception of the two world wars, only small amounts of fuel ethanol were used until the 1970s, when the oil embargo against the United States by major oil producers in the Middle East spurred interest in fuel ethanol as a way to reduce U.S. oil imports for making gasoline.

Use of fuel ethanol increased significantly in 2002 as states began to ban the use of the gasoline oxygenate known as methyl tertiary butyl ether (MTBE) because of concerns that it contaminated groundwater. Ethanol quickly replaced MTBE as a gasoline oxygenate across the country. Ethanol fuel use in the U.S. also increased in the 2000s as a result of various federal regulations and policies aimed at increasing biofuel consumption and reducing crude oil consumption for energy independence and reducing carbon emissions:⁵

- The Energy Policy Act of 2005 established a renewable fuels standard (RFS) as an amendment to the Clean Air Act. The RFS mandates that U.S. transportation fuels contain a minimum volume of biofuel. The mandated minimum volume increases annually and must be met using conventional biofuel (e.g., corn starch ethanol) and advanced biofuel (e.g., cellulosic ethanol).
- The Energy Independence and Security Act of 2007 increased and extended the RFS minimum annual goal for renewable fuel use from 5.4 billion gallons to 9.0 billion gallons in 2008 and to 36 billion gallons by 2022. Starting in 2016, all of the fuel increases in the RFS target must be met by advanced biofuels, defined as fuels derived from a feedstock other than corn starch.

Today, ethanol is available in several different blends for use in conventional and flexible fuel vehicles:

- E10: A low-level blend of 10 percent ethanol and 90 percent gasoline. It is approved by the U.S. Environmental Protection Agency (EPA) for use in any conventional, gasoline-powered vehicle. E10 is sold in every state, and more than 98 percent of U.S. gasoline contains up to 10 percent ethanol to boost octane, meet air quality standards or satisfy the RFS.
- E15: A low-level blend of 10.5-15 percent ethanol. It is approved for use in model year 2001 and newer light-duty conventional vehicles. While E15 does not qualify as an alternative fuel under Energy Policy Act definitions, it does help meet the federal RFS.
- E85: A blend of 51-83 percent ethanol, depending on geography and season. It qualifies as an alternative fuel under Energy Policy Act definitions and can be used in flexible fuel vehicles (FFVs), which have an internal combustion engine and are designed to run on E85, gasoline or any blend of gasoline and ethanol up to E85.

⁴ Unless otherwise noted, ethanol history and background information comes from the U.S. Energy Information Administration, “Biofuels Explained: Ethanol,” (last updated January 2023). Accessed electronically at <https://www.eia.gov/energyexplained/biofuels/ethanol.php>

⁵ Six states (Louisiana, Minnesota, Missouri, Oregon, Pennsylvania and Washington) have existing mandates for biofuel sales independent of the federal requirements.



While ethanol blended fuels are widely available in Oklahoma and nationwide, the most common blend does not qualify for the incentive. According to statute, only retailers selling fuel blends of up to 15 percent ethanol are eligible. According to the Alternative Fuels Data Center, E10 is available at nearly every fueling station, and E15 is sold at more than 2,000 stations in 30 states. There are more than 3,500 public stations in 42 states offering E85, which does not qualify. Some stations offer multiple ethanol blends in one location, often through blender pumps.⁶

Ethanol Production in the U.S. and Oklahoma

According to the U.S. Energy Information Administration's (EIA) 2020 U.S. Fuel Ethanol Plant Production Capacity Report, as of January 2020, fuel ethanol production in the U.S. totaled 17.3 billion gallons per year, equal to 1.1 million barrels per day.⁷ Production fell significantly in late March and April 2020, driven by significant reductions in motor gasoline demand as a result of responses to COVID-19. Because almost all finished motor gasoline sold in the U.S. is blended with 10 percent ethanol, the drop in gasoline demand has driven similar decreases in fuel ethanol demand and, correspondingly, fuel ethanol production.⁸

Most U.S. fuel ethanol production capacity is located in the Midwest region (of the top fuel ethanol-producing states, 12 are located in the Midwest). The three states with the most ethanol production capacity – Iowa, Nebraska and Illinois – comprise half the nation's total.

In order to spur biofuel and ethanol production in the state, Oklahoma previously offered – but has since sunsetted – a handful of incentives and programs, summarized in the following table:

Table 2: Oklahoma Ethanol Production Incentives (Now Expired)

Incentive	Date of Repeal	Incentive Description
Biodiesel Production Tax Credit ⁹	1/1/2014	A biodiesel facility may receive a credit of \$0.075 per gallon of biodiesel for up to 36 consecutive months for new fuel production. To be eligible for this credit, the facility must not have received credits before January 1, 2013, must have expanded its capacity by at least two million gallons after January 1, 2013, or must have achieved annual production of more than twelve times the monthly average of the three highest production months in the previous year. The credit will be capped at ten million gallons of biodiesel per year per biodiesel facility. If the credit allowed exceeds the amount of income taxes due, the excess amount may be carried forward as a credit against subsequent income tax liability for up to five years.
Ethanol Production Tax Credit ¹⁰	1/1/2014	An ethanol facility is eligible for a credit of \$0.075 per gallon of ethanol, before denaturing, for new production for up to 36 consecutive months. To be eligible for this credit, the facility must not have received credits before January 1, 2013, must have expanded its capacity by at least two million gallons after January 1, 2013, or must have achieved annual production of more than twelve times the monthly average of the three highest production months in the previous year. The credit will be capped at ten million gallons of ethanol per year per ethanol

⁶ Alternative Fuels Data Center, "Ethanol Fueling Infrastructure Development." Accessed electronically at https://afdc.energy.gov/fuels/ethanol_infrastructure.html

⁷ 2020 marked the fifth consecutive year that production of fuel ethanol was more than 1 million barrels per day.

⁸ U.S. Energy Information Administration, "U.S. Fuel Ethanol Production Capacity Increased by 3% in 2019," (September 29, 2020). Accessed electronically at <https://www.eia.gov/todayinenergy/detail.php?id=45316>

⁹ Reference HB 2308 of 2013 and 68 O.S. § 2357.67

¹⁰ Reference HB 2308 of 2013 and 68 O.S. § 2357.66



Incentive	Date of Repeal	Incentive Description
		facility and 30 million gallons of ethanol per year at all ethanol facilities in the state. Additional restrictions may apply.
Biofuels Development and Promotion ¹¹	6/1/2010	Biofuels Development Act was created to encourage the processing, market development, promotion, distribution, and research of fuels derived from grain, ethanol or ethanol components, biodiesel, bio-based lubricants, co-products or by-products. The Biofuels Development Advisory Committee was to conduct a systematic review and study of the ethanol and biodiesel industry in Oklahoma and other states; study the feasibility of developing and enhancing the ethanol and biodiesel industry in Oklahoma; and otherwise encourage market development, promotion, distribution and research on products derived from grain, ethanol or ethanol components, biobased products, co-products, or by-products.
Ethanol Development ¹²	7/1/2006	Between May 2001 and June 2006, the Ethanol Development Study Act and Ethanol Development Advisory Committee were in place to encourage the processing, market development, promotion, distribution and research of products derived from grain, ethanol, or ethanol components, co-products or by-products, in part to provide efficient and less-polluting energy sources to make Oklahoma less energy dependent and reduce atmospheric carbon monoxide levels.

Source: Alternative Fuels Data Center

Despite these efforts, Oklahoma is currently not a major corn-producing state (which is used to produce ethanol) and has no ethanol production facilities.

Ethanol Consumption in the U.S. and Oklahoma

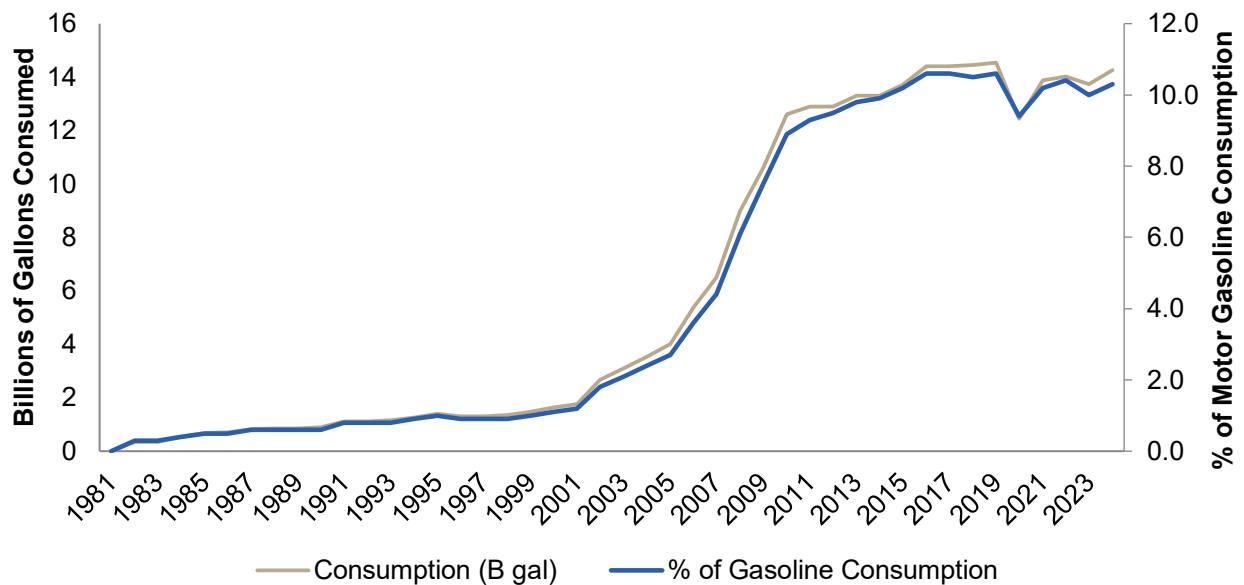
The historical trend of the U.S.' consumption of fuel ethanol aligns closely with that of fuel ethanol's share of total gasoline consumption nationwide. As most ethanol blending occurs as a result of Renewable Fuel Standard requirements, ethanol consumption is essentially a fixed share of gasoline consumption, and any decline in gasoline will translate into lower ethanol consumption.

¹¹ Reference 2 O.S. § 1950.10 and 2 O.S. § 1950.11

¹² Reference 2 O.S. § 1950.1 and 2 O.S. § 1950.2



Figure 2: U.S. Fuel Ethanol Consumption and % of Total Motor Gasoline Consumption, 1981-2024



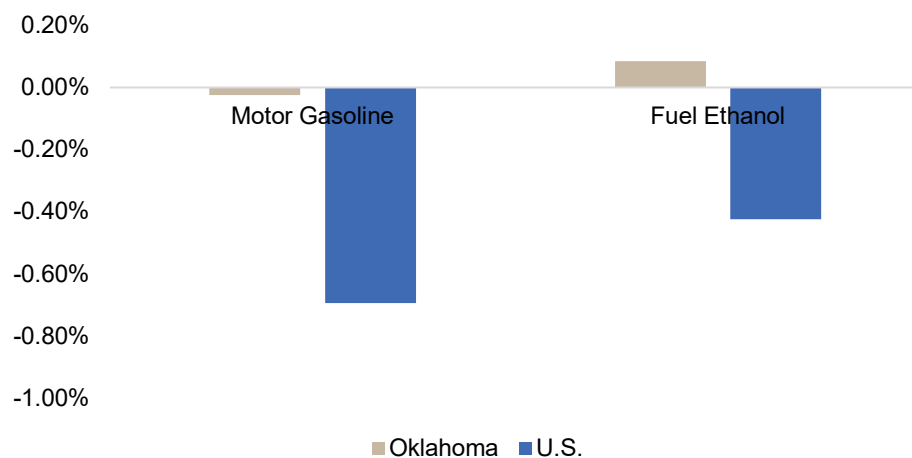
Source: U.S. EIA

Note: Supplemental data provided in Appendix A.

In 2024, the 137.8 billion gallons of finished motor gasoline consumed in the U.S. contained approximately 14.2 billion gallons of fuel ethanol – equal to about 10 percent of the total volume of finished motor gasoline consumption.

Both Oklahoma and the country as a whole have seen a slight decline in motor gasoline consumption, with a CAGR of -0.02 percent and -0.7 percent, respectively. While the U.S. saw a decline of -0.42 percent of fuel ethanol consumption during that same period, Oklahoma experienced a slight increase in consumption of 0.09 percent.

Figure 3: Annual Growth in Consumption, 2019-2024



Source: U.S. EIA



Many factors likely contributed to this decline in fuel consumption over the last five years. Consumption dropped sharply during the COVID-19 pandemic and consumption levels have not yet returned to pre-pandemic levels, as Figure 2 shows. Additionally, there has been an increase in fuel efficiency across both the automobile and aviation industries, which has been able to offset an increase in driving activity. In 2024, the United States saw an all-time high of vehicle miles traveled of 9 billion per day.¹³

The COVID-19 pandemic also introduced a rise of remote working, which has persisted and since reduced commuting-related driving, historically a large driver of gasoline consumption. On top of this, the aging population of the U.S. has been growing steadily which has in turn, driven down per-capita consumption. Some estimate the average American consumed 402 gallons of gasoline in 2024, down from a peak of 475 in 2004 (a decline of roughly 15 percent).¹⁴

Fuel Ethanol Outlook and Major Determinants of Use

Several factors impact the current use – and potentially future outlook – of ethanol-blended fuels, including:

- **Environmental considerations:** Environmental impacts are often cited as a key benefit of ethanol-blended fuel, though the evidence has historically been subject to debate. Ethanol is nontoxic and biodegradable, unlike gasoline, and quickly breaks down into harmless substances if spilled. Producing and burning ethanol results in emissions of carbon dioxide (CO₂), a greenhouse gas. However, the combustion of ethanol made from biomass (such as corn and sugarcane) is considered atmospheric carbon neutral because the biomass absorbs CO₂ as it grows, which may offset the CO₂ produced when the ethanol is burned. More recent data quantifies this benefit concretely: in 2025, ethanol reduced transportation greenhouse gas emissions by 54.3 million metric tons, or equivalent to removing 12 million cars from the road for a year.¹⁵
- **Electric vehicle sales trends:** The increasing popularity of electric vehicles has long been cited as a factor likely to reduce demand for conventional gasoline and biofuels, but the domestic EV market has proven more volatile than projected. Hybrid, battery electric, and plug-in hybrid vehicles collectively accounted for approximately 22% of U.S. light-duty vehicle sales in 2025. Within that group, hybrids gained share while battery electric and plug-in hybrid sales declined. Following the expiration of federal EV tax credits on September 30, 2025, new EV sales dropped sharply, falling 28% year-over-year in the first quarter of 2026 to a market share of approximately 5.8%. The long-term displacement of liquid fuel demand by EVs thus remains likely but may materialize more slowly in the domestic market than previously anticipated.
- **Fuel efficiency considerations:** Because ethanol contains approximately two-thirds of the energy content of gasoline per gallon, use of ethanol blends results in decreased vehicle fuel economy (miles traveled per gallon), which may deter some drivers from fueling with ethanol blends. Vehicle fuel economy may decrease by approximately 3 percent when using E10. Looking further out, the EIA's Annual Energy Outlook 2026 projects that gasoline demand may fall from approximately 137 billion gallons per year in 2025 to around 76 billion gallons by 2050, or a 45% reduction. This long-term

¹³ U.S. EIA, "Transportation fuel demand remains below pre-pandemic levels," (August 27, 2025). Accessed electronically at <https://www.eia.gov/todayinenergy/detail.php?id=66005>

¹⁴ U.S. EIA, "Short-Term Energy Outlook," (July 7, 2026). Accessed electronically at <https://www.eia.gov/outlooks/steo/>

¹⁵ Some ethanol producers burn coal and natural gas for heat sources in the fermentation process to make fuel ethanol, while some burn corn stocks or sugar cane stocks. The effect that increased ethanol use has on net CO₂ emissions depends on how ethanol is made and whether or not indirect impacts on land use are included in the calculations. Growing plants for fuel is a controversial topic because some people believe the land, fertilizers and energy used to grow biofuel crops should be used to grow food crops instead.



decline in the overall gasoline pool would constrain the total volume of ethanol that can be blended domestically, independent of per-vehicle fuel economy considerations.

- Fuel prices: The prices of ethanol and biodiesel (as compared to the prices of gasoline and diesel) play a role in biofuel sales, because consumers are sensitive to prices.
- Pipeline changes: Gasoline pipeline activity can also increase or decrease ethanol usage. As one example, in 2013, Iowa's largest pipeline operator stopped shipping regular 87-octane to Iowa terminals, and instead began shipping 84-octane, which cannot be legally sold in Iowa due to a requirement that a minimum of 87-octane fuel be sold at gas pumps. Boosting the fuel to the minimum octane levels required either blending with ethanol or with more expensive 91-octane premium gasoline, and as a result, this one-time pipeline change increased ethanol sales in Iowa around 2014.¹⁶
- Retail infrastructure costs: For retailers of ethanol-blended fuel, infrastructure costs can impact the ability to sell higher ethanol blends, as many existing retail facilities require significant upgrades to sell E15 or E85. Upgrading infrastructure incurs direct costs, primarily equipment, materials, and labor, as well as potential hidden costs such as revenue lost during station downtime. That said, infrastructure availability has improved in recent years: consumers now have 23% greater access to E85 and twice as many E15 stations as five years ago. Pending federal legislation may further alter the investment landscape; the House passed H.R. 1346 in May 2026, which would allow E15 to be sold year-round nationwide, permitting but not mandating retailers to offer E15 while preserving E10 availability for consumers.

¹⁶ Iowa Department of Revenue, "Iowa's Biofuel Retailers' Tax Credits: Tax Credits Program Evaluation Study" (December 2019). Accessed electronically at <https://tax.iowa.gov/sites/default/files/2020-06/Iowa%20Biofuel%20Retailer%20Tax%20Credits%20Evaluation%20Study%202019.pdf>



Incentive Usage and Administration



Incentive Characteristics

Since January 1, 2006, Oklahoma has provided a tax credit to fuel retailers who sell ethanol-blended fuel.¹⁷ The credit is equal to \$0.016 for each gallon of ethanol contained in gasoline sold by the retailer. In order to receive the credit, the retailer must reduce the price of ethanol sold by the amount of the credit, thereby passing along the savings to consumers. By making ethanol more financially attractive to consumers, the incentive aims to increase the sale of ethanol-blended gasoline in Oklahoma.

While, as discussed previously, there are three general categories of ethanol-gasoline blends (E10, E15 and E85), Oklahoma statute defines ethanol for purposes of this credit as “a blend of gasoline and ethyl alcohol consisting of not more than 15 percent ethyl alcohol by volume.” In other words, sales of E10 and E15 are eligible, while sales of E85 are not.

Oklahoma statute also provides that, if the federal government mandates the use of reformulated fuel in nonattainment areas for criteria pollutants with the National Ambient Air Quality Standards, the credit does not apply.¹⁸ However, Oklahoma currently does not have (and has never had) any nonattainment areas within its boundaries.

There is an open question as to whether the current tax credit is effectively incenting consumer behavior. While the goal of the incentive is to make ethanol fuel a more financially attractive option for consumers, the benefit passed on to the consumer is minimal. For example, a 20-gallon gas tank filled with E15 would contain three gallons of ethanol, resulting in a total price reduction of less than five cents per tank.

In addition to the Ethanol Fuel Retailer Tax Credit, Oklahoma currently provides a sales tax exemption for the portion of ethanol sold and blended with motor fuel.¹⁹

Historic Use of the Incentive

Between 2013 and 2025, the number of companies claiming the Ethanol Fuel Retailer Tax Credit fluctuated from year to year, but generally remained flat in the aggregate, with a CAGR of -0.85 percent. During the same time period, total credits claimed by all companies decreased by a CAGR of -3.3 percent. Similarly, the average claim per company slightly decreased by a CAGR of -2.5 percent, from roughly \$35,000 in 2013 to \$26,000 in 2025.

Table 3: Ethanol Fuel Retailer Tax Credit Claims, FY2013-2025

Fiscal Year	Number of Companies	Amount of Credits Used/ Claimed	Average Claim/ Company
2013	41	\$1,424,302	\$34,739
2014	52	\$1,352,461	\$26,009
2015	41	\$1,163,215	\$28,371
2016	28	\$1,116,126	\$39,862
2017	43	\$1,366,722	\$31,784

¹⁷ Per 68 O.S. § 500.10-1. A copy of this statute is provided in **Appendix B**.

¹⁸ The Clean Air Act, last amended in 1990, requires the EPA to set national ambient air quality standards (NAAQS) for six principal pollutants which can be harmful to public health and the environment: carbon monoxide, lead, nitrogen dioxide, ozone, particle pollution and sulfur dioxide. The Act also requires states to identify all areas that do not meet the standards and directs the U.S. EPA to designate these areas as “nonattainment areas.” The Act mandates the sales of reformulated gasoline (i.e., gasoline blended to burn more cleanly than conventional gasoline and to reduce smog-forming and toxic air pollutants) in the nine worst nonattainment areas.

¹⁹ Reference 68 O.S. § 500.10-1; 68 O.S. § 1359



Fiscal Year	Number of Companies	Amount of Credits Used/ Claimed	Average Claim/ Company
2018	76	\$1,577,844	\$20,761
2019	70	\$1,502,000	\$21,457
2020	45	\$1,260,582	\$28,013
2021	55	\$1,295,784	\$23,560
2022	53	\$1,499,286	\$28,288
2023	45	\$1,130,655	\$25,126
2024	45	\$1,164,612	\$25,880
2025	37	\$947,541	\$25,609

Source: Oklahoma Tax Commission

The tax expenditure associated with this incentive is relatively small, averaging approximately \$1.2 million annually since 2013. Total claims initially peaked in 2013 at \$1.4 million before declining and peaking again in 2018 at nearly \$1.6 million. In 2023 and 2024, total claims declined once more to \$1.13 and \$1.16 million, respectively.

Currently there are no controls or caps built into the program to limit the fiscal impact of the incentive on the State. However, it appears unlikely that the credits claimed will increase significantly. In fact, given that the credit is passed along directly to the consumer, retailers do not currently have an added incentive to increase ethanol sales at their stores in order to receive refunds that exceed their investments.

Incentive Administration

The Ethanol Fuel Retailer Tax Credit is administered by the OTC as a claim for a refund; all claims are submitted to and reviewed by the Credits and Refunds section of the Account Maintenance Division.

To obtain a refund, the retailer dealer must substantiate that the retail price for each gallon was reduced by the required \$0.016 and provided to the purchaser of ethanol fuel. To submit claims, ethanol fuel retailers complete the OTC's "Application for Refund of Ethanol Credit for Retail Dealers" (Form 130-35, provided in **Appendix D**), which requires specific information regarding the retailer's purchase of ethanol purchase. Information to be supplied includes the date of purchase, name and location of the retailer, manifest number and total gallons purchased. Applicants must maintain documentation to support their respective claims for a period of three years.

To determine the amount of the refund claimed, total gallons of ethanol purchased are multiplied by the blend percentage (E10 is 10 percent, E15 is 15 percent, etc.) to calculate total gallons to be refunded. That amount is multiplied by the tax rate (0.016) to generate the total refund claimed.

In 2020, the average application for a refund was for 16,951 gallons of ethanol per location. The following example demonstrates the refund calculation process for a purchase of 17,000 gallons of ethanol at one location:

- | | |
|---|----------------|
| a) Total gallons of ethanol purchased: | 17,000 |
| b) Ethanol purchased by blend percentage: | 15% |
| c) Gallons to be refunded (a x b): | 2,550 |
| d) <u>Incentive rate per gallon:</u> | <u>\$0.016</u> |
| e) Total refund claimed (c x d): | \$40.80 |



While generally straightforward, administrative processes are not particularly efficient for the OTC or retailers making claims. For example, a separate claim form must be completed for each retail location claiming the ethanol credit. For larger retailers with multiple locations, the claims process may be cumbersome.



Economic and Fiscal Impact



Economic and Fiscal Impact

For this analysis, PFM uses the IMPLAN economic impact software, a proprietary model. PFM has obtained a license for use of the IMPLAN model for these evaluations. IMPLAN uses Social Accounting Matrices (SAMs) to capture the actual dollar amounts of all business transactions taking place in a regional economy, as reported each year by businesses and government agencies. The IMPLAN model identifies three kinds of economic effects: direct, indirect, and induced. The project team then translates the combined economic effects into state tax revenue for comparison purposes. A detailed summary of the IMPLAN economic impact methodology is provided in **Appendix C**.

The State of Oklahoma ethanol fuel retailer tax credit is directly passed along to the consumer in the form of reduced pump prices. As a result, consumers who pay less at the pump have more income available for spending elsewhere in Oklahoma or investing in savings. The portions of this additional household income spent in Oklahoma generate economic activity, resulting in a positive economic impact in the state. These total expenditures (also referred to as “economic activity” or “output”) are not the same as foregone tax revenues, which would normally be used for state budget spending. It is common, but not sufficient, in economic impact studies to compare economic activity against the incentives offered. This comparison does not provide insight into whether the public sector is making a net profit or loss on the incentive program, whether judged by revenue generated to the state or other quantitative or qualitative benefits.

To evaluate the economic impact of the ethanol fuel retailer tax credit, the IMPLAN household income module for analysis was used. This approach measures the effect of income changes to households according to demographic spending profiles. The IMPLAN spending profile used for analysis assumes a household income of \$50,000 to \$75,000 to model the economic impact. This household spending profile was used because median household incomes in Oklahoma ranged from \$65,039 in 2021 to \$75,390 in 2025.

The model takes into account “leakages” in the economy as well as retail margins, some taxes, and savings. Therefore, the amount available for spending by consumers from the tax credit is not equal to the direct economic activity used in the econometric model. The following tables depict the statewide annual impact of how the ethanol fuel retailer tax credit impacts the economy. Because this household income change is independent of production and payroll (employment-based activity), there are no direct or indirect economic impacts. Household income spending therefore generates only induced economic impacts, adjusted for personal tax, savings, other leakages, and no deduction for payroll tax on these portions of income.

Table 4: Impact of Ethanol Fuel Retailer Tax Credits

Year		Employment	Labor Income	Value Added	Output
2021	Induced Effect	3	\$194,282	\$422,413	\$729,188
2022	Induced Effect	4	\$232,534	\$510,389	\$894,518
2023	Induced Effect	6	\$349,167	\$696,720	\$1,208,147
2024	Induced Effect	6	\$343,229	\$680,584	\$1,198,597
2025	Induced Effect	5	\$279,255	\$553,730	\$975,191
Average		5	\$279,693	\$572,767	\$1,001,128



Table 5: Annual Tax Revenue Generated

Year	Credit Claimed/Used	Estimated State Tax Revenue	Net Impact
2021	\$1,295,784	\$27,255	(\$1,268,529)
2022	\$1,499,286	\$32,965	(\$1,466,321)
2023	\$1,130,655	\$39,909	(\$1,090,746)
2024	\$1,164,612	\$33,976	(\$1,130,636)
2025	\$947,541	\$27,643	(\$919,898)
Total	\$6,037,878	\$161,748	(\$5,876,130)

As shown by the preceding tables, household spending based on the ethanol retailer tax credit has supported on average 5 jobs per year. Over the 2021-2025 period, the additional income passed to consumers as a result of the credit has generated approximately \$162,000 in new state tax revenue, as shown in Table 5. Over this same period, the state has provided just over \$6.0 million in tax credits. The state's return on investment (ROI) is an average loss of \$1.2 million per year or equal to a total net loss of \$5.9 million from 2021-2025.

Effect on Business Behavior

As previously noted, SB 1990 requires the incentive evaluations to consider "the extent to which the incentive changes business behavior, including whether the business receiving the incentive would likely have taken any action required to receive the incentive in the absence of such incentive."

Business location, hiring and investment decisions rely on a combination of considerations, including market factors, worker availability, infrastructure, access to suppliers and customers, and a reasonable cost structure, which can include taxes. Incentives that lower costs, provide capital, or offer services are one factor among many that can influence business behavior.

The extent to which an incentive changes an individual business's behavior has been widely debated. Since incentives are just one factor among many influencing any given business decision, incentives rarely, if ever, are 100 percent responsible for a given investment. At the same time, it is unlikely that an incentive had absolutely no impact at all.

Based on a review of 30 different studies, Timothy J. Bartik of the W.E. Upjohn Institute estimated incentives probably affect between 2 percent and 25 percent of incented firms making business location, expansion, or job retention decisions.²⁰ However, a discretionary incentive that includes a robust application and review process and requires regular reporting on milestone achievement is likely to affect behavior differently than a statutory tax break with few accountability mechanisms. Incentive programs with these design features may have a greater effect on investment decisions.²¹ While it is difficult to quantify the impact of an incentive to an individual firm's decision making, evidence does suggest that certain factors do influence both business choice and incentive effectiveness. Nevertheless, Bartik concluded, "Overall, the research literature on incentives' "but for" effects is not as rigorous as one might hope."²²

Given the challenges of determining the specific extent to which an individual incentive changes individual business behavior, the evaluations consider the factors that are most likely to indicate that the incentive influenced business decisions. These include:

²⁰ Bartik, Timothy J. "But For" Percentages for Economic Development Incentives: What percentage estimates are plausible based on the research literature?" W.E. Upjohn Institute for Employment Research. 2018.

²¹ "Michigan Business Development Program Effectiveness Study." W.E. Upjohn Institute and Center for Regional and Economic Competitiveness. January 2019.

²² Bartik, 2018.



- **Features of the incentive offer.** The relative size of the incentive benefit affects its impact^{23,24} as do the incentive type and structure, leverage generated, timing of the application, and whether a firm is a first-time or repeat incentive recipient.^{25,26}
- **Firm attributes.** Cost-sensitive or efficiency-seeking operations (such as manufacturing, call centers, and distribution centers) and foreign investors have also been found to be more likely to be influenced by the availability of incentives, as are companies for whom the incentive meets a specified need, such as project financing or support services.²⁷
- **Details obtained in the application process or built into project eligibility requirements** that indicate need for or value of the incentive to the individual business.
- **Consideration of multiple investment locations.** Companies that have credibly considered multiple locations that are able to meet their operational needs or have functions that are mobile (that is, they do not need to locate in a specific place in order to meet their operational needs) are more likely to value state and local incentives in their decision process.^{28,29,30}
- **Changes in desired outcomes documented by compliance and evaluation procedures.**

These factors indicate but do not definitively determine whether a business receiving the incentive would likely have taken any action required to receive the incentive in the absence of such incentive. Because the incentive's precise impact on individual business decisions and therefore the outcomes generated cannot be known, the Fiscal and Economic Impact Analysis for each evaluation also estimates a breakeven level at which the total benefits from the incentive program would have to be attributable to the incentive in order for the State to break even on its investment.

Applying But for Considerations on the Ethanol Fuel Retailer Tax Credit

- **Features of the Incentive Offer:** The credit is non-discretionary and automatic, with no application review or demonstration of need required. More fundamentally, the mandatory pass-through structure means retailers retain no financial benefit from participation — the entire \$0.016 per-gallon credit must be transferred to the consumer. This eliminates the mechanism by which the credit could change retailer behavior: there is no margin improvement available to reward increased ethanol sales volume.
- **Firm Attributes:** While fuel retailers are generally cost-sensitive, the pass-through requirement means the credit addresses no retailer cost or capital need. Claimants appear to be selling ethanol-blended fuel as a baseline business decision, not in response to the incentive — a reading consistent with the near-flat claimant count over time (CAGR of -0.9 percent) even as the credit has remained available.

²³ James, 2013.

²⁴ Bartik, Timothy J. "Who Benefits from Economic Development Incentives? How Incentive Effects on Local Incomes and the Income Distribution Vary with Different Assumptions about Incentive Policy and the Local Economy." W.E. Upjohn Institute Technical Report No. 18-034. 2018.

²⁵ Foley, 1992.

²⁶ Lenihan, et al. "Developing an Evaluative Framework for Industrial Policy in Ireland: Fulfilling the Audit Trail or an Aid to Policy Development." Quarterly Economic Commentary. 2005.

²⁷ Tavares-Lehmann, 2016.

²⁸ James, Sebastian. "Tax and Non-Tax Incentives and Investments: Evidence and Policy Implications." Investment Climate Advisory Services of the World Bank Group. 2013.

²⁹ Jensen, Nathan M. "Exit Options in Firm-Government Negotiations: An Evaluation of the Texas Chapter 313 Program." Washington Center for Equitable Growth Working Paper series. 2017.

³⁰ Tavares-Lehmann, et al. "Rethinking Investment Incentives: Trends and Policy Options." 2016.



- **Details Obtained in the Application Process:** The claim form requires only basic transaction data — gallons purchased, blend percentage, location — and is reviewed for arithmetic accuracy, not behavioral impact. No applicant is required to demonstrate the credit influenced their decision to offer ethanol-blended fuel. The process provides no basis for inferring the credit changed any individual retailer's conduct.
- **Consideration of Multiple Investment Locations:** Selling ethanol-blended fuel at an existing station is not a location-mobile decision driven by interstate tax competition. Retailers do not choose where to operate based on a per-gallon ethanol credit, and the \$0.016 price reduction is unlikely to drive meaningful cross-border consumer traffic. With seven other states offering comparable incentives and E10 available at virtually every station nationwide, the credit is not a competitive differentiator.
- **Changes in Desired Outcomes Documented by Compliance Procedures:** The program has no outcome reporting, no performance milestones, and no clawback. Total claims have fallen at a CAGR of -3.3 percent since 2013 even as Oklahoma's fuel ethanol consumption grew slightly — suggesting declining retailer engagement rather than credit-driven behavior change. No compliance mechanism exists to distinguish retailers who were influenced by the credit from those who would have sold ethanol-blended fuel regardless.

Taken together, there is little basis for concluding that the Ethanol Fuel Retailer Tax Credit meaningfully changes retailer behavior. The credit's pass-through structure removes any financial incentive for retailers to increase ethanol sales, the application process requires no demonstration of need, the decision to sell ethanol-blended fuel is not location-mobile, and the program has no compliance mechanisms capable of documenting behavioral change. Declining claim volume alongside modest growth in ethanol consumption suggests retailers are offering these fuel blends independent of the credit. On balance, the evidence indicates that businesses receiving the incentive would likely have taken the same actions in its absence.



Goals, Strategy, and Competitive Considerations



Strategic Plan Alignment

The Ethanol Fuel Retailer Tax Credit has limited alignment with Oklahoma's 2025 Strategic Plan for Economic and Community Development. The strategic plan's "Relevant Incentives" pillar calls for incentives that help close deals and encourage businesses to invest and expand in Oklahoma. Because the credit must be passed through entirely to consumers, it generates no financial benefit for the retailer and does not function as a business incentive in the way the strategic plan envisions. The plan's three core programmatic goals of direct new jobs, increased average annual wages, and new private investment are also not advanced by the credit, as there is no demonstrated linkage between the credit and job creation or capital investment outcomes. The credit has no connection to the plan's remaining pillars of ready workforce, ready sites, or regional industry targeting.

Macroeconomic Impacts and Competitive Advantage

The credit does not create a meaningful competitive advantage for Oklahoma. The credit's stated purpose is to increase the sale of ethanol-blended gasoline in Oklahoma, but the state has no ethanol production facilities, is not a major corn-producing state, and saw every prior production-side ethanol incentive expire without spurring domestic industry development.

The economic benefit of the credit flows almost entirely to out-of-state supply chains concentrated in the Midwest, with no meaningful multiplier effect on Oklahoma's productive capacity. Ethanol-blended fuel is widely available nationwide independent of state incentives, and the per-gallon benefit flows to consumers rather than businesses, limiting any influence on investment or economic behavior at a meaningful scale.

Unlike incentives targeting job creation, capital investment, or infrastructure in underserved communities, the credit has no design features that direct economic benefit to regions with fewer development tools. Declining claim volume and a negative return on investment further undermine any macroeconomic case for retention. Repeal would free modest resources for reallocation to programs with stronger alignment to the state's economic development objectives.



Incentive Benchmarking



Benchmarking Introduction

A detailed description of comparable state programs can be found in **Appendix E**.

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.³¹ 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.

Peer State Incentives: Key Findings

The process of creating a comparison group for incentive benchmarking typically begins with bordering states 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.

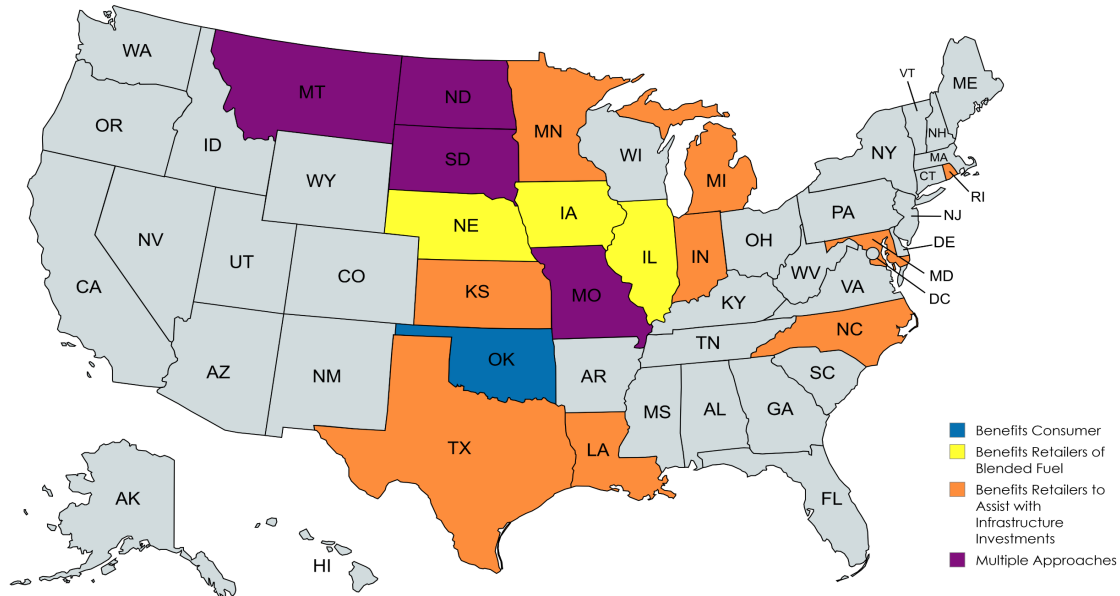
In the case of the Ethanol Fuel Retailer Tax Credit, the comparison group is not limited solely to neighboring states. While fueling locations near Oklahoma’s borders may compete with stations across state lines, there are many states that offer incentives promoting the sale of ethanol-blended fuels, and this evaluation focuses on three approaches employed by states:

- Incentive provided directly or indirectly to consumers of blended fuel;
- Incentive provided to retailers of blended fuel; and
- Incentive provided to retailers of blended fuel to assist with infrastructure investments.

³¹ The primary instances of exactly alike state incentive programs occur when states choose to ‘piggyback’ onto federal programs.



Figure 4: State Ethanol Fuel Incentives by Type



Created with mapchart.net

A major takeaway of the benchmarking comparison from the previous evaluation was that Oklahoma's incentive is unique, which remains true today. Its tax credit is structured as a pass-through from a fuel retailer, effectively providing the benefit indirectly to consumers. Just one additional state (Oregon) was found to have a program that either directly or indirectly benefits the consumer, though it expired in December 2012. Oregon's Biofuels Use Tax Credit provided an income tax credit of \$0.50 per gallon of E85 purchased for use in an alternative fuel vehicle, with up to \$200 claimable each tax year for each AFV registered in Oregon and owned or leased by the resident.

It is more common for states to offer incentives that benefit the retailers of ethanol-blended fuel. Seven states were found to offer tax credits or refunds for retailers based on the amount of biofuels sold at retail stations: Illinois, Iowa, Missouri, Montana, Nebraska, North Dakota, and South Dakota. Notably, several of these programs are recent additions: Missouri enacted its Ethanol Retailer and Distributor Tax Credit in 2022, Nebraska enacted its Ethanol Blending Tax Credit in 2022 and its Biodiesel Retailer Tax Credit in 2023, and South Dakota enacted its Ethanol Blend Tax Refund in 2024, reflecting a growing trend of states moving to incentivize higher ethanol blend sales at the retail level. By contrast, Kansas's Renewable Fuel Retailer Tax Incentive expired on January 1, 2026, and South Carolina's Biofuel Blender Incentive expired in July 2012, leaving those states without an active retailer sales incentive.

Most commonly, though, states provide incentives for retailers aimed not at promoting ethanol-blended fuel sales themselves, but instead at reducing the cost of necessary infrastructure investments. Thirteen states were identified that offer tax credits, grants, and/or non-tax incentives for retailers based on investments made in the infrastructure necessary to sell biofuels: Indiana, Kansas, Louisiana, Maryland, Michigan, Minnesota, Missouri, Montana, North Carolina, North Dakota, Rhode Island, South Dakota, and Texas.



Appendices



Appendix A: U.S. Fuel Ethanol Consumption and Percent of Total Motor Gasoline Consumption, 1981-2024

Year	Consumption (billions of gallons)	% of Gasoline Consumption
1990	0.90	0.6
1991	1.10	0.8
1992	1.10	0.8
1993	1.15	0.8
1994	1.25	0.9
1995	1.40	1.0
1996	1.30	0.9
1997	1.30	0.9
1998	1.35	0.9
1999	1.47	1.0
2000	1.63	1.1
2001	1.77	1.2
2002	2.68	1.8
2003	3.11	2.1
2004	3.54	2.4
2005	4.00	2.7
2006	5.37	3.6
2007	6.50	4.4
2008	9.00	6.1
2009	10.60	7.5
2010	12.60	8.9
2011	12.90	9.3
2012	12.90	9.5
2013	13.30	9.8
2014	13.30	9.9
2015	13.70	10.2
2016	14.40	10.6
2017	14.40	10.6
2018	14.45	10.5
2019	14.54	10.6
2020	12.43	9.4
2021	13.87	10.2
2022	14.02	10.4
2023	13.73	10.0
2024	14.26	10.3

Source: U.S. Energy Information Administration



Appendix B: Retail Dealer Credit for Ethyl Alcohol Contained in Ethanol Sold (68 O.S. § 500.10-1)

A. As used in this section:

1. "Ethanol" means a blend of gasoline and ethyl alcohol consisting of not more than fifteen percent (15%) ethyl alcohol by volume; and
2. "Retail dealer" means the type of dealer described by paragraph 53 of Section 500.3 of Title 68 of the Oklahoma Statutes.

- B.** Unless the federal government mandates the use of reformulated fuel in an area within the State of Oklahoma in nonattainment with the National Ambient Air Quality Standards, there shall be allowed as a credit against the tax levy imposed pursuant to paragraph 1 of subsection A of Section 500.4 of Title 68 of the Oklahoma Statutes in the amount of one and six-tenths cents (\$0.016) for each gallon of ethyl alcohol which is contained in ethanol sold by a retail dealer.
- C.** Notwithstanding any other provision of the Oklahoma Motor Fuel Tax Code to the contrary, the retail dealer described by subsection A of this section may make the claim for refund from the Oklahoma Tax Commission. The refund claim process for the credit authorized by this section shall be substantially the same as the refund claims process authorized by the Motor Fuel Tax Code for other refunds provided by law.
- D.** Each claim for refund filed pursuant to this section shall be accompanied by such documentation as may be required by the Tax Commission that the retail dealer reduced the retail price for each gallon of ethyl alcohol which is contained in ethanol sold, and for which the credit authorized by this section is claimed, by one and six-tenths cents (\$0.016) and that such cost savings was economically provided to the purchaser of the ethanol fuel.



Appendix C: IMPLAN Economic Impact Methodology

The economic impact methodology utilized to determine the multiplier effects is IMPLAN (IMpact Analysis for PLANning), a proprietary model; PFM has obtained a license for use of the IMPLAN model for these evaluations.

IMPLAN's Social Accounting Matrices (SAMs) capture the actual dollar amounts of all business transactions taking place in a regional economy as reported each year by businesses and governmental agencies. SAM accounts are a better measure of economic flow than traditional input-output accounts because they include "non-market" transactions. Examples of these transactions would be taxes and unemployment benefits.

Multipliers

SAMs can be constructed to show the effects of a given change on the economy of interest. These are called Multiplier Models. Multiplier Models study the impacts of a user-specified change in the chosen economy for 440 different industries. Because the Multiplier Models are built directly from the region-specific SAMs, they will reflect the region's unique structure and trade situation.

Multiplier Models are the framework for building impact analysis questions. Derived mathematically, these models estimate the magnitude and distribution of economic impacts, and measure three types of effects which are displayed in the final report. These are the direct, indirect, and induced changes within the economy. Direct effects are determined by the Event as defined by the user (i.e. a \$10 million order is a \$10 million direct effect). The indirect effects are determined by the amount of the direct effect spent within the study region on supplies, services, labor, and taxes. Finally, the induced effect measures the money that is re-spent in the study area as a result of spending from the indirect effect. Each of these steps recognizes an important leakage from the economic study region spent on purchases outside of the defined area. Eventually, these leakages will stop the cycle.



Appendix D: Application for Refund of Ethanol Credit for Retail Dealers (OTC Form 130-35)

Form 130-35
Revised 8-2026



Refund Code 12

Oklahoma Tax Commission Application for Refund of Ethanol Credit for Retail Dealers

Please complete a separate claim form for each retail location claiming the ethanol credit.

NOTE: State law requires the State of Oklahoma to issue refunds via direct deposit. You will need to submit your banking information online through OkTAP via oktap.tax.ok.gov or through Form ARDD-100 Refund Direct Deposit Form found at tax.ok.gov.

Name of Retail Dealer:	FEIN ☐ SSN ☐ (Check one, enter number below)
Address:	Telephone Number: (Daytime)
City, State, ZIP Code:	Email Address:

Pursuant to Title 68, Section 500.10-1 of the Oklahoma Statutes, effective 01/01/2006, an ethanol credit is available to retail dealers who sell fuel grade ethanol to the consumer who uses the motor fuel on the public highways of this state and that the cost savings is economically provided to such consumer of the ethanol fuel. Ethanol means a blend of gasoline and ethyl alcohol consisting of not more than fifteen percent (15%) ethyl alcohol by volume.

Purchases				
Date Purchased	Name of Supplier	Location of Supplier	Manifest Number	Gallons of Ethanol
1. Total gallons of ethanol purchased.....				
2. Multiply total gallons of ethanol purchased by the blend percentage (E10 is 10%, E15 is 15%, etc.).....				X
3. Gallons to be refunded.....				
4. Total gallons multiplied by tax rate.....				X 0.016
5. Total refund claimed.....				\$

Under penalty of perjury, I declare the information contained in this report to be true, correct and complete to the best of my knowledge and belief. All sales of fuel grade ethanol have been paid.

Claimant's Signature:	Date:
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Applicant must maintain documentation to support the claim for a period of three (3) years.
Only completed claim forms will be considered.

Mail Completed Claim Form To:
Oklahoma Tax Commission
Oklahoma City, OK 73194



Appendix E: Summary of Comparable State Programs

State	Name	Description
Incentives Provided Directly or Indirectly to Consumers of Blended Fuel		
Oklahoma	Ethanol Fuel Retailer Tax Credit	Oklahoma retailers that sell fuel blends of gasoline containing up to 15 % ethanol by volume (E15) are eligible for a motor fuel tax credit of \$0.016 per gallon of ethanol blended into gasoline and sold in Oklahoma, as long as the retailer provides a price reduction to the purchaser of the ethanol fuel in the same amount.
Oregon	Biofuels Use Tax Credit (Expired December 2012)	Residents were eligible for an income tax credit of \$0.50 per gallon of gasoline blended with at least 85 % ethanol or diesel blended with at least 99 % biodiesel purchased for use in an alternative fuel vehicle. Up to \$200 could be claimed each tax year for each AFV that is registered in Oregon and owned or leased by the resident.
Incentives Provided to Retailers of Blended Fuel		
Illinois	Ethanol Blend Sales Tax Exemption	Retailers selling E15 are eligible for a 10% sales tax exemption on those gallons. Retailers selling blends between 20% and 50% ethanol are eligible for a 20% exemption, and E85 retailers receive a 100% sales tax exemption.
Iowa	E85 Gasoline Promotion Tax Credit	Retail stations dispensing gasoline fuel blends of E85 for use in motor vehicles are eligible for a refundable income tax credit of \$0.16 per gallon sold. Eligible taxpayers may also claim the mid-level ethanol blend retailer tax credit for the same tax year.
Missouri	Ethanol Retailer and Distributor Tax Credit	Retailers that sell ethanol fuel blends containing between 15% (E15) and 85% (E85) ethanol directly to users are eligible for a state tax credit of \$0.05 per gallon. The tax credit may not exceed the taxpayer's liability for the taxable year; each year's unused credit amount may be carried forward for up to five taxable years. Annual program cap of \$4 million.
Montana	Quarterly Biodiesel Tax Refund	A licensed distributor in Montana who pays the special fuel tax on biodiesel may claim a refund equal to \$0.02 per gallon of biodiesel sold during the previous quarter if the biodiesel is made entirely from components produced in Montana. Additionally, the owner or operator of a retail motor fuel outlet may claim a refund equal to \$0.01 per gallon of biodiesel purchased from a licensed distributor if the biodiesel is made entirely from components produced in the state.
Nebraska	Ethanol Blending Tax Credit	Motor fuel retailers that dispense high-level blends of ethanol in gasoline may be eligible to receive a tax credit. Credit amounts vary by year and blend level and apply to gallons sold in the previous calendar year. Beginning 2026, blends of E15 are eligible for \$0.08 per gallon and blends of E25 and higher are eligible for \$0.08 per gallon.
	Biodiesel Retailer Tax Credit	Retail dealers who sold and dispensed biodiesel on a retail basis through a motor fuel pump are eligible to earn a refundable income tax credit of \$0.14 per gallon multiplied by the total number of gallons of biodiesel sold in the prior calendar year. If the product sold is a blend of biodiesel, only the biodiesel portion is eligible for the credit.



State	Name	Description
North Dakota	Biofuel Blender Tax Credit	A licensed fuel supplier to who blends biodiesel or renewable diesel fuel may claim an income tax credit of \$0.05 per gallon for fuel containing at least 5 % biodiesel or renewable diesel. Credits are not refundable but may be carried forward for up to five years.
South Carolina	Biofuel Blender Incentive	Ethanol retailers selling fuel blends of at least 70 % ethanol are eligible for a \$0.05 incentive per gallon of ethanol blended fuel sold, provided that the fuel is subject to the state motor fuel user fee. Additionally, biodiesel retailers are eligible for a \$0.25 incentive per gallon of biodiesel (B100) sold as pure biodiesel or as part of a biodiesel blend, provided that the blend contains at least 2 % biodiesel (B2). These incentives applied only to fuel sold before July 1, 2012.
South Dakota	Ethanol Blend Tax Refund	Retailers that sell ethanol fuel blends containing at least 15% ethanol (E15) are eligible for a tax refund of \$0.05 per gallon. Funds are provided from an existing bioethanol infrastructure fund administered by the Governor's Office of Economic Development.
Incentives Provided to Retailers of Blended Fuel to Assist with Infrastructure Investments		
Indiana	The Hoosier Homegrown Fuels Blender Pump Program	Provides grants to increase public fueling infrastructure availability for higher blends of ethanol. Funds are available to eligible applicants for 70% to 79% of the purchase price of E15 to E85 blender pumps and related hardware. Qualifying dispensers must be available for public use and must dispense higher ethanol blends for a minimum period of five years. The program is not currently accepting applications.
Kansas	Alternative Fuel Infrastructure Tax Credit	Kansas offers a tax credit from corporation income tax for installing alternative fueling infrastructure after January 1, 2009. The credit is only available to entities with corporate income tax liability (C corporations). Qualified property must be directly related to the delivery of alternative fuel into the fuel tank of a motor vehicle propelled by such fuel.
Louisiana	Alternative Fuel Vehicle and Fueling Infrastructure Tax Credit	Act 325, effective June 22, 2017, modified the Alternative Fuel Vehicle and Fueling Infrastructure Tax Credit, including clarifying that the costs associated with fueling station infrastructure that are not directly related to the delivery of an alternative fuel into the fuel tank of motor vehicles are not eligible for the credit.
Maryland	Alternative Fuel Infrastructure Program	Provides grants to plan, install, and operate public access alternative fueling and charging infrastructure. Private access natural gas and propane fueling stations are eligible for funding. Only Maryland-based private businesses are eligible, and projects must take place in the state. Grant award amounts are based on the alternative fuel technology and are capped at 50 % of project costs. Applicant cost share must be at least 50 %.
Michigan	Biodiesel Infrastructure Matching Grants	Qualified service station owners and operators may receive matching grants to convert existing, and install new, fuel delivery systems designed to provide E85 and biodiesel blends. Grants may not exceed 75% of the costs to convert existing fuel infrastructure, up to \$3,000 per facility. Grants may not exceed 50% of the construction costs to install new fueling infrastructure, up to \$12,000 per facility for E85 and \$4,000 per facility for biodiesel blends.



State	Name	Description
Minnesota	Blender Grants	Funding assistance to fuel retailers for the installation of equipment to dispense ethanol fuel blends ranging from E15 to E85. Grant amounts are based on the extent to which the installation meets project priorities.
Missouri	Alternative Fueling Station Tax Credit	For tax years beginning on or after January 1, 2015, an income tax credit is available for the cost of constructing a qualified alternative fueling station. The credit is 20% of the costs directly associated with the purchase and installation of any alternative fuel storage and dispensing equipment or electric vehicle supply equipment, up to \$1,500 for individuals or \$20,000 for businesses.
Montana	Biofuel Blender Tax Credit	Tax credit for up to 15% of the equipment costs incurred the year blending begins for investment made in storage and blending equipment used to blend biodiesel made from Montana-based feedstocks, where by the end of the third year biodiesel sales will total at least 2% of diesel sales.
North Carolina	Infrastructure Tax Credit	A taxpayer who constructs a qualified fueling facility that dispenses biodiesel, ethanol, or gasoline blends of at least 70% ethanol is eligible for a tax credit equal to 15% of the cost of constructing and installing the dispensing infrastructure that is directly and exclusively used for dispensing or storing the fuel.
North Dakota	Biodiesel Infrastructure Tax Credit	10 % income tax credit for the direct costs to adapt or add equipment that enables a facility to sell at least 2 % biodiesel blends (B2).
	Biofuels Blender Pump Program	Cost-share grants of up to \$5,000 per fueling pump, up to \$20,000 per retail location, to motor fuel retailers who install qualified biofuel blender pumps and associated equipment. Qualified retailers are eligible for grants of up to \$14,000 at each retail location for tanks and piping installed at the same time the blender pump is installed.
	Biofuels Infrastructure Partnership (BIP) Grant Program	Works with retailers and state and local government fleets to install infrastructure for higher blends of ethanol.
Oregon	Retail and Fleet Biofuels Infrastructure Grant (Expired)	Provides incentives of up to \$10,000 to install or convert fueling equipment at retail gasoline stations and fleet fueling sites to B20 or higher biodiesel blends and E85 ethanol blends.
Rhode Island	Alternative Fueled Vehicle and Filling Station Tax Credit	Entitles taxpayers to a tax credit equal to 50% of the capital, labor, and equipment costs associated with the construction of, or improvement to, any alternative fuel fueling or recharging station providing domestically produced alternative fuel or facilities for recharging electric vehicles.
South Dakota	Infrastructure Tax Credit	Tax credit up to 25% of the purchase, construction, and installation costs for the fueling facility including pumps, storage tanks, and related equipment, taken in three equal annual installments. Qualifying fuels include blends containing at least 70% ethanol (E70) dispensed at the retail level for use in motor vehicles,



State	Name	Description
		and pure ethanol or biodiesel fuel dispensed. Additionally, the Department of Tourism and State Development may provide grants to retail motor fuel dealers for the purchase or installation of ethanol blender pumps, storage systems, and related equipment. Blender pumps must dispense a blend of either 10% ethanol (E10) or the minimum blend percentage approved for all vehicles by the EPA, a blend of at least 15% ethanol (E15), and E85.
Texas	Clean Transportation Zone Grant	Provides grants for 50% of eligible costs, up to \$600,000, to construct, reconstruct, or acquire a facility to store, compress, or dispense alternative fuels in the Clean Transportation Zone. Qualified alternative fuels include biodiesel, electricity, natural gas, hydrogen, propane, and fuel mixtures containing at least 85% methanol (M85).