



State of Oklahoma

Incentive Evaluation Commission

Economic Development Pooled Finance Draft Evaluation

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Key Findings and Recommendations



Incentive Overview

The Economic Development Pooled Finance Program was established in 2009 by the Oklahoma Community Economic Development Pooled Finance Act. The Program supports economic development and public infrastructure projects to attract private investment, create and sustain jobs, and develop essential infrastructure.

The program operates via a \$250 million pool of financing made available to for-profit entities for local infrastructure or economic development projects.¹ Cash payment awards for approved projects are determined by the Oklahoma Department of Commerce (Commerce) and disbursed by the Oklahoma Development Finance Authority (ODFA). The Program operates as a revolving fund, and funding is replenished through payroll tax rebates generated by the for-profit entities receiving funding, or through a new tax or tax increase levied by local government funding recipients.

The program contains three distinct financing tools, each targeting a different segment of economic development activity:

- **The Business Expansion Incentive Program (BEIP)** provides loans to for-profit businesses undertaking local infrastructure or economic development projects. Repayment is made by diverting payroll taxes generated by the qualifying company's workforce. Eligible businesses must meet or exceed \$2 million in both capital investment and total annual payroll.
- **The Oklahoma Innovation Expansion Program (OIEP)** is similarly structured but focuses on smaller, high-impact capital investments that will lead to either new product development or increased capacity at a company. The maximum award amount is \$150,000.
- **The Public-Private Partnership Pooled Finance Program (P3)** provides financing for infrastructure and economic development projects where there is a benefit to both a local government and for-profit entity. Repayment is provided through locally levied taxes or other dedicated revenue.

Key Findings:

- **Between 2020 and 2025, more than 11,300 new jobs were created through BEIP and OIEP and nearly 90,000 existing jobs were retained statewide.** The average wage associated with newly created jobs was \$53,300 over this period and increased annually.
- **Between 2020 and 2025, \$397.1 million in funding was provided to support more than \$2,543.7 million in capital investment.** The funding awarded by ODFA, \$397.1 million, represents 15.6 percent of the total private capital investment. The three programs vary in terms of percentage of total capital investment represented by award dollars, from 13.1 percent under BEIP to 21.9 percent under P3.
- **OIEP has a limited application timeframe in early April each year, while BEIP and P3 awards are made on a rolling basis.** Commerce and ODFA noted that marketing for OIEP has significantly increased over the past few years, particularly in February and March.

¹ Total funding increased from \$200 million to \$250 million, effective July 1, 2026. The evaluation period predates this funding increase.



- **OIEP has increased in popularity, particularly among manufacturing firms looking to make smaller-scale investments that fall below the capital investment thresholds established by other state programs.** The program has grown from \$7.4 million in awarded funds leveraging \$29.9 million in capital investment in 2020 to \$61.7 million in award funds leveraging more than \$300 million in capital investment in 2025. Additionally, the number of applications increased by 24 percent from 2025 to 2026, highlighting the program's increasing demand.
- **Each program has participation requirements and limitations on the use of funds.** To qualify for BEIP, participants must make a minimum capital investment of \$2 million and have total payroll at or above \$2 million. To qualify for OIEP, participants must commit to a minimum capital investment of \$50,000 and have a minimum payroll of \$625,000 per year. P3, by contrast, does not have a threshold requirement regarding capital investment or payroll. Rather, P3 requires capital investment in infrastructure owned by a local government that benefits one or more private entities. The infrastructure must contribute to the region's competitiveness. Participation in any of the Pooled Finance programs precludes a company from simultaneously also participating in the Quality Jobs or Investment Tax Credit programs.
- **Pooled Finance program funding is based on an annual allocation of \$200 million, effectively limiting future costs by providing a cap on available funds.** Funding for the program comes from ODFA, and the program is structured as a revolving fund, eliminating direct cost to the State General Fund.
- **Oklahoma's Pooled Finance programs are unique. While elements of the program are found in other states' incentives, the pooled revolving fund structure and financial assistance for private companies is rare.** Other states, such as New Mexico and Texas, offer programs that help lower the cost of investment in public infrastructure where there is also a private benefit, similar to the P3 program. Many states rely on tax credit and withholding retention programs to incentivize job creation and capital investment by private firms, as opposed to through programs like BEIP and OIEP.
- **The Pooled Finance programs are well-aligned with Oklahoma's 2025 Strategic Plan.** The Pooled Finance programs advance several of the Plan's identified pillars, particularly in advancing Oklahoma's business competitiveness and encouraging existing Oklahoma businesses to invest and expand within the state. Further, the Pooled Finance programs require a demonstrated net benefit to the state, protecting taxpayer dollars.

Recommendation: Retain, with minor modifications

- **Continue process improvement, particularly for the OIEP program, which has a short application period and award-contract turnaround timeline.** Although Commerce has enhanced its data collection for OIEP—for instance, by requiring email addresses on applications—further enhancements could help reduce the administrative burden of reviewing applications.
- **Create a centralized application database to ensure applicants can move between programs where applicable.** While Commerce supports firms in selecting a program appropriate for their intended investment or activity, a centralized database would enable Commerce to move applicants between programs. This would mitigate the administrative cost of data collection and help streamline applicants across Commerce-administered incentives.



Introduction



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 incentives² must be evaluated once every four years³ 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 April 2026, SB 1990 was signed by Governor Stitt. SB 1990 revised the Incentive Evaluation statute 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 incorporated into the 2027 incentive evaluation process.

² 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."

³ 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.



Summary of 2023 Evaluation Findings and Recommendations

In accordance with the four-year evaluation cycle described in the preceding, the Economic Development Pooled Finance Act was last evaluated by the Commission in 2023.⁴ Significant findings and recommendations from PFM's evaluation of the program are summarized in the following table:

Table 1: Summary of 2023 Evaluation Findings and Recommendations

Evaluation Category	Significant Finding(s)
Overall Findings	- Between 2018 and 2023, projects that had received financing through the program expect to create over 9,300 jobs and make capital investment of \$3.1 billion. - The introduction of the Bounceback program in 2020, later renamed the Oklahoma Innovation Expansion Program (OIEP), has proven popular and represented \$37.8 million in funding, \$225.7 million in capital investment, and 2,864 new jobs created.
Fiscal and Economic Impact	The \$141.1 million in program awards since 2018 were associated with \$2.8 billion in economic output and \$88.7 million in state tax revenue, resulting in a fiscal return on investment of \$0.63 per \$1.00 spent.
Administrative Effectiveness	The Department of Commerce uses a scoring system to evaluate potential award recipients. The incentive design and administrative aligns with several best practices.
Retain, Reconfigure or Repeal	The project team recommended retaining the program with minor modifications.
Other Recommendations	- Maintain efforts to advertise the availability of funds for this program to potential recipients around the state.

Source: State of Oklahoma Incentive Evaluation Commission, Tax Incentive Evaluation Report 2023

Based on PFM's analysis and consideration of other factors, the Commission voted 6-0 to retain the program.

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 Economic Development Pooled Finance Program, the purpose or goal of the incentive is to encourage local government cooperation in the development of regional infrastructure and economic

⁴ The 2023 Tax Incentive Evaluation Report is available on the Commission's website at <https://oklahoma.gov/content/dam/ok/en/omes/documents/iec/archive/support/2023/EDPooledFinanceEvaluation11172023.pdf>.



development projects. The Commission has adopted the following criteria to assist in a determination of program effectiveness:

- History of use of the program
- Job creation associated with financed projects
- Capital investment (facilities, machinery, equipment) associated with financed projects
- Comparison of job creation and capital investment to similar municipalities not participating in the program
- Contributions to community development, quality of life, or infrastructure
- For infrastructure projects, impact on business/entity's competitive advantage, expansion opportunities, or ability to remain competitive in the geography
- Local government applicants
- State return on investment

To conduct its 2026 review of the Economic Development Pooled Finance Program, the PFM team undertook several project tasks, including (but not limited to) the following:

- Requested, reviewed, and analyzed data from the Department of Commerce.
- Conducted subject matter expert and internal stakeholder interviews.
- Met with leadership from the State, Oklahoma City, and Tulsa Chambers of Commerce, and interested industry representatives.
- Performed an economic impact analysis of program costs.
- Benchmarked Oklahoma to other states.



Incentive Usage and Administration



Background and History

Established by the Oklahoma Community Economic Development Pooled Finance Act of 2009, the program was designed to position Oklahoma as a competitive destination for business development and investment. The Legislature created the program with the goal of stimulating economic development and supporting the infrastructure needed to sustain a safe, productive environment for state residents and visitors.⁵

To advance those goals, the program makes available up to \$250 million in financing, accessible either to for-profit entities pursuing economic development projects or by two or more local governments undertaking joint infrastructure improvements. Under the program's current structure, the Department reviews applications and, once approved, issues a determination letter, after which the Oklahoma Development Finance Authority (ODFA) and the Oklahoma Tax Commission (OTC) work jointly to disburse the funds. The program functions as a revolving fund; disbursed funds are repaid to ODFA through payroll tax rebates generated by award recipients or, in the case of local government recipients, through a new or increased tax levied by the recipient authority.

Incentive Characteristics

The program is administered jointly by the Department and the ODFA. The Department is responsible for reviewing applications submitted by local governments and for-profit entities and determining whether potential projects meet program requirements.

The following are the scoring criteria for economic development pool-funded projects (BEIP and OIEP):

1. Capital investment by a for-profit business entity or entities.
2. New direct jobs to be created by a for-profit business entity or entities.
3. Salary and wage payments to persons employed in new direct jobs.
4. The likelihood of additional business location decisions resulting from the activity of the for-profit business entity or entities that would benefit from the use of the economic development pool.
5. Capital investment by governmental and/or not for profit entities.
6. The amount and degree of net benefit to be had by the State from completion of the project.
7. Whether or not the local government entity or for-profit business entity is a participant in any other projects governed by the Oklahoma Economic Development Pooled Finance Act.
8. Any other factor(s) deemed relevant by the Department.

The following are the scoring criteria for the public-private partner development pool-funded projects (P3):

1. Capital investment by one or more for-profit business entities and/or federal government defense entities.
2. Additional capital investment by one or more local government entities.
3. New direct jobs to be created by a for-profit business entity or entities.
4. Salary and wage payments to persons employed in new direct jobs.
5. The likelihood of additional business location decisions resulting from the activity of the for-profit business entity or entities that would benefit from use of the Public-Private Partner Development Pool.
6. The amount and degree of net benefit to be had by the State from completion of the project.

⁵ O.S. 62-891.2



7. Whether or not the local government entity or business entities is a participant in other projects governed by the Oklahoma Economic Development Pooled Finance Act.
8. Any other factor(s) deemed relevant by the Department.

The Department's primary consideration is the net positive benefit to the state from prospective award recipients, and it prioritizes funding based on this. Of the total \$200 million pool amount, 65 percent is reserved for use by projects in municipalities with a population of 300,000 or less; currently, the only Oklahoma cities with a population over 300,000 are Oklahoma City and Tulsa.

The three incentives within the Pooled Finance program all have distinct considerations and features, and each addresses a different funding need for their potential audience.

OIEP, which originated during the COVID-19 pandemic and has since grown considerably in use, is a one-year program providing funding up to \$150,000 for high-impact capital investment intended to diversify the state's economy, lead to new product development, or increase capacity at existing facilities in the state. According to the Department, many recipients use award funding for equipment purchases that enable them to have greater supply chain cohesion, which reduces their reliance on outside entities or processes.

OIEP has a fixed, 10-day application period each year in early April. Between the close of applications and and June 1st, the Department evaluates all applications and customizes award terms into a contract for each awardee for ODFA. The first requirement is that firms make at least 10 percent of their total investment within the first six months from the award initiation.

While OIEP addresses businesses with smaller-scale capital needs, BEIP is the funding mechanism for larger projects that have awards greater than the \$150,000 OIEP threshold. To qualify for the incentive, companies typically must meet or exceed a \$2.0 million capital investment and a \$2.0 million total annual existing payroll. BEIP contracts are awarded on a rolling basis with a typical contract term of two to three years, compared to one year for OIEP. While the application period differs, the Department considers the same factors as BEIP when evaluating potential projects, primarily the net benefit to the state. The amount awarded under BEIP is dependent on both the scale and type of investment, as these factors play a key role in determining the expected revenue generated and the net benefit to the state.

The P3 program facilitates local infrastructure investments where there is benefit for both the local government and one or more for-profit entities. This can include any infrastructure that contributes to the competitiveness of a region's economy and government functionality.⁶ Under this program, for-profit entities must attest to the business need and benefit that would be derived from the investment. The P3 signing agreements also preclude these entities from participating in the Quality Jobs program, highlighting the intrinsic value that companies derive from the P3 program. As with OIEP and BEIP, the Department evaluates the application in terms of the value and jobs it will generate and the net benefit to the state. In addition, the Department takes into consideration the federal government's criteria for administering the Community Development Block Grant.

⁶ The P3 program also includes an education component for CareerTech and the Oklahoma State Regents for Higher Education institutions. This component is used for workforce development in which an investment is needed for industry-focused training that is developed collaboratively with the institution and employers in relevant industries.



Related Statutory Changes

In 2026, HB 3979 provided the ODFA with the authority to issue obligations to provide net proceeds on a pooled basis not to exceed \$125 million for the Infrastructure Pool and \$125 million for the Economic Development Pool, an increase of \$25 million per pool. The changes were effective July 1, 2026.

Historic Use of the Incentive

Since 2020, the Pooled Finance Program has funded projects that were expected to create a total of 11,356 new jobs and retain 89,214 jobs. Since 2023 alone, this includes 7,700 anticipated new jobs and 64,188 retained jobs. The total payroll associated with new jobs amounts to \$626.6 million since 2020, or \$443.0 million since 2023.

OIEP accounted for over 4,000 of the new jobs and 49,000 retained jobs, totaling \$207.2 million in new payroll. Program use steadily increased from inception in 2020 through 2023 and has since maintained relatively consistent levels of job creation. 2025 saw the largest capital investment associated with the award, totaling \$72.6 million.

Table 2: OIEP Project Detail

Year of Award	Funding Awarded (\$M)	Capital Investment (\$M)	Percentage of Capital Investment	Retained Jobs	New Jobs	Average Wage of New Jobs	Total New Payroll (\$M)
2020	\$7.4	\$29.9	24.9%	1,170	400	\$46,229	\$18.5
2021	\$7.1	\$43.2	16.4%	6,372	589	\$45,548	\$26.8
2022	\$8.1	\$51.3	15.8%	6,836	687	\$47,282	\$32.5
2023	\$12.4	\$57.1	21.8%	10,626	865	\$49,898	\$43.2
2024	\$12.9	\$46.5	27.7%	11,466	788	\$51,006	\$40.2
2025	\$13.8	\$72.6	19.0%	12,592	893	\$51,577	\$46.1
Total	\$61.7	\$300.7	20.9%	49,062	4,222	\$48,590	\$207.2

Source: Oklahoma Department of Commerce

BEIP accounted for more than 7,500 new jobs created since 2020, including more than 2,500 new jobs and almost 12,000 retained jobs created in 2023 alone. Funding awarded averages just over 25 percent of total capital investment, driven by a spike in 2022. Excluding this year, funding averaged just 10.2 percent of total capital investment between 2020 and 2026. The program has seen significant year-over-year variation in funding awarded, total capital investment, and new jobs created, driven by particularly high-usage years post-pandemic followed by comparatively lower use in subsequent years.



Table 3: BEIP Project Detail

Year of Award	Funding Awarded (\$M)	Capital Investment (\$M)	Percentage of Capital Investment	Retained Jobs	New Jobs	Average Wage of New Jobs	Total New Payroll (\$M)
2020	\$4.5	\$204.3	2.2%	779	154	\$61,601	\$9.5
2021*	\$2.6	\$25.1	10.3%	726	194	\$45,143	\$8.8
2022*	\$36.9	\$29.6	124.9%	9,143	1,632	\$53,621	\$87.5
2023	\$68.9	\$843.0	8.2%	11,977	2,596	\$61,027	\$158.4
2024	\$76.9	\$345.4	22.3%	10,896	1,418	\$62,957	\$89.3
2025	\$40.4	\$315.5	12.8%	6,631	1,140	\$57,822	\$65.9
2026**	\$18.5	\$346.1	5.3%	3,245	491	\$57,768	\$28.4
Total	\$248.7	\$2,109.0	26.6%	43,397	7,625	\$57,134	\$447.7

Source: Oklahoma Department of Commerce

*Incomplete data tracked through Department CRM

**Partial year data as of 5/31/2026

Between 2020 and 2026, the P3 Pooled Finance program supported \$629.6 million in infrastructure and other capital investments through \$128.3 million in award funding. From 2023 through 2026, these awards spanned 28 counties throughout the state across four industries. The majority of awards supported the services industry.

Table 4: P3 Project Detail

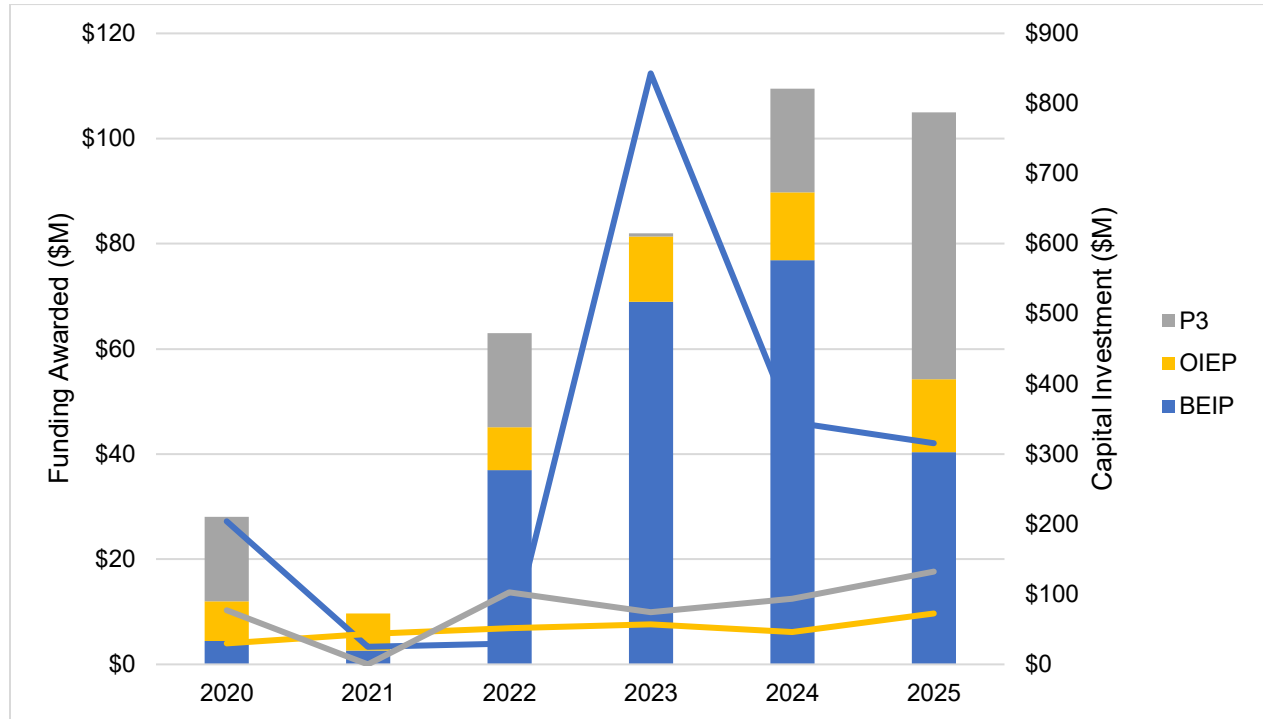
Year	Total Investment (\$M)	Amount Awarded (\$M)	# Industries with Awards	# Counties with Awards
2020	\$77.1	\$16.1		
2021	\$0.0	\$0.0		
2022	\$102.7	\$18.0		
2023	\$74.2	\$0.6	2	5
2024	\$93.9	\$19.7	4	17
2025	\$132.3	\$50.8	4	19
2026	\$149.4	\$23.0	2	8
Total	\$629.6	\$128.3	4	28

Source: Oklahoma Department of Commerce

The largest program among the three pooled finance programs by both capital investment and funding awarded is BEIP, which has significantly expanded since 2022. In fiscal years 2023 and 2024, \$68.9 and \$76.9 million in awards were provided, respectively, up from \$4.5 and \$2.6 million in fiscal years 2020 and 2021, respectively.

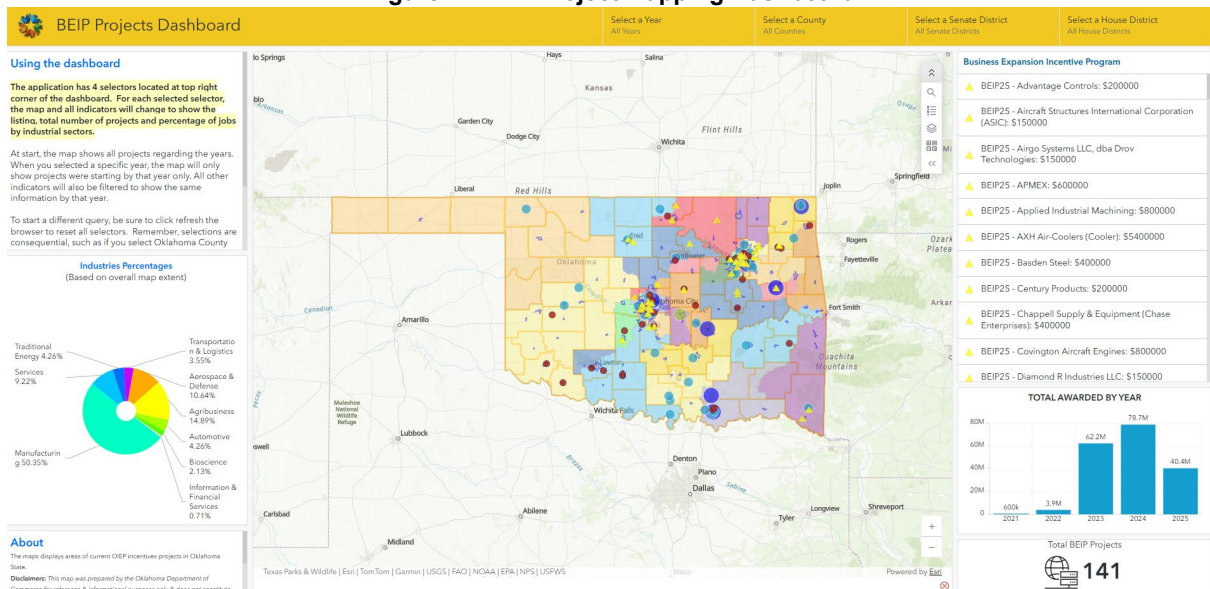


Figure 1: Funding Awarded and Capital Investment by Program Option



The Department has enhanced its reporting mechanisms related to BEIP. In recent years, it launched the BEIP project dashboard, allowing users to examine award history by awardee, industry sector, amount awarded, and location. The 141 BEIP awards made between FY 2021 and 2025 touched roughly 40 of Oklahoma's 77 counties, with significant clustering in and around Oklahoma City and Tulsa. The mapping dashboard is presented in Figure 2.

Figure 2: BEIP Project Mapping Dashboard





Incentive Administration

Economic development projects are evaluated by the Department using a point-based scoring framework that weighs several factors, including the capital investment committed by the for-profit entity, the number of new direct jobs the entity expects to create, the wages and salaries tied to newly created positions, and the potential for additional business activity resulting from the for-profit entity's investment. Beyond the numerical score, the Department conducts a broader assessment of each project's overall fiscal impact to determine whether it represents a net benefit to the state, generally measured across a three to five-year horizon. Projects that meet or exceed the net benefit threshold are then eligible to receive benefits under the program.

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

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

Upon project approval, a for-profit applicant entity will receive a letter of determination from the Department, permitting the entity to have withholding taxes captured for the purpose of awarding cash payments from the Pool. The award amount for qualifying projects is determined by the net benefit provided by the project and calculated by the Department.

In instances where ODFA issues debt to finance an infrastructure investment, the local government participant may levy a new tax in order to repay the debt, subject to voter approval through a ballot measure that clearly states the tax type, rate, and purpose.

Recipients of the Economic Development Pooled Finance Program benefits are prohibited from also receiving benefits from the Quality Jobs or Investment Tax Credit programs.

Incentive Best Practices

The PFM Project Team has established a set of best practices that can apply broadly to incentive program designs.⁷ These are based on decades of experience evaluating programs professionally as well as reviewing the associated academic literature and evaluations of programs by state agencies or

⁷ Details on the best practices and their establishment can be found in the Appendices.



departments. A program can then be judged to either fully adopt, partly adopt, or not adopt a given practice.

The Economic Development Pooled Finance programs align well with the identified incentive best practices. The funding is discretionary, leverages significant private capital, has a limited duration, is simple and understandable, and holds recipients accountable through spending timeline provisions and reporting requirements. The programs are less aligned with best practices in that, (with the exception of OIEP, which primarily targets the manufacturing industry and limits funding to \$150,000 per award), they are not industry-focused. Additionally, while the pools are fixed in terms of the total amount of obligations that can be made, serving as the program cap, there is no limit on the amount per award. State and local conditions are considered to an extent, particularly through other Pooled Finance program elements such as the Main Street Program and the Rapid Community Response Program (RCRP). There is no formal sunset date on the Pooled Finance programs at present, however the fixed funding amount acts as a de facto sunset, in that once funding is exhausted, the program will either need a new funding allocation or will cease to make awards.

Figure 3: Incentive Best Practice Alignment

Best Practice	
Targeted to specific companies or industries	●
Discretionary	●
Leverage significant private capital	●
Limited duration / front-load benefits to 1-3 years	●
State / Local conditions considered	●
Overcoming practical barriers to growth	●
Transparency	●
Accountability	●
Cap on value of awards	●
Simple and understandable	●
Sunset on program duration	●



Economic and Fiscal Impact



Economic 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.

The methodology used to calculate the economic impact can be found in Appendix B.

The programs contribute to the state's economy through two channels: the direct employment and payroll effects of newly created and retained jobs, and the broader economic multiplier effects of private capital investments. These effects are captured in PFM's economic impact analysis using the IMPLAN input-output software.

Preliminary data indicate that the 2025 cohort alone generated \$112 million in new payroll associated with newly created BEIP and OIEP jobs, corresponding to an estimated \$4.9 million in state income tax revenues. These figures represent direct fiscal returns and do not include indirect and induced economic activity — the spending by new workers, demand for ancillary services, and supply chain effects — which the full IMPLAN analysis will quantify.

Table 4: Economic Impacts of OIEP, 2020-2025

Year	Employment	Labor Income (\$M)	Value Added (\$M)	Output (\$M)
2020	727	\$41.9	\$53.0	\$138.8
2021	1,041	\$58.3	\$76.8	\$205.3
2022	1,295	\$67.1	\$92.8	\$256.9
2023	1,904	\$105.5	\$158.4	\$403.8
2024	1,727	\$102.7	\$159.5	\$427.3
2025	2,112	\$128.1	\$198.5	\$524.4

OIEP capital investment and job creation supported a total of 2,112 jobs in 2025, generating \$128.1 million in labor income and \$524.4 million in economic output. From 2020 through 2025, the program generated total economic output of \$1,956.6 million and had a total program cost of \$61.7 million, resulting in an economic return on investment of \$31.71 per \$1.00 of award funding provided.

Table 5: Economic Impacts of BEIP, 2020-2025

Year	Employment	Labor Income (\$M)	Value Added (\$M)	Output (\$M)
2020	1,451	\$103.0	\$146.3	\$297.0
2021	191	\$13.1	\$19.7	\$40.9
2022	483	\$27.4	\$49.9	\$95.6
2023	8,125	\$505.0	\$824.9	\$1,660.4
2024	3,034	\$212.5	\$334.3	\$713.3
2025	2,690	\$189.5	\$296.2	\$635.4

BEIP capital investment and job creation supported a total of 2,690 jobs in 2025, generating \$189.5 million in labor income and \$635.4 million in economic output. From 2020 through 2025, the program generated total economic output of \$3,442.6 million and had a total program cost of \$230.2 million, resulting in an economic return on investment of \$14.95 per \$1.00 of award funding provided.



Table 6: Economic Impacts of P3, 2020-2025

Year	Employment	Labor Income (\$M)	Value Added (\$M)	Output (\$M)
2020	951	\$62.3	\$61.7	\$129.8
2021	1,276	\$75.7	\$81.1	\$169.9
2022	712	\$44.6	\$69.2	\$143.2
2023	864	\$63.5	\$88.9	\$185.1
2024	1,218	\$89.5	\$125.3	\$261.0
2025	951	\$62.3	\$61.7	\$129.8

P3 program capital investment supported a total of 1,218 jobs in 2025, generating \$62.3 million in labor income and \$129.8 million in economic output. From 2020 through 2025, the program generated total economic output of \$889.1 million and had a total program cost of \$105.2 million, resulting in an economic return on investment of \$8.45 per \$1.00 of award funding provided.

Fiscal Impact

Fiscal impacts associated with the Pooled Finance programs are separated into two categories: the impacts of job creation reported under the BEIP and OIEP programs, and the impact of capital investment activity under all three programs. Tables 7 and 8 detail the economic impacts and tax revenues associated with the programs in these categories. Job creation generates an additional \$26.8 million in State tax revenues, while capital investment activity generated \$66.5 million in State tax revenues. In total, the programs supported \$93.2 million in new tax revenue, resulting in a return on investment of \$0.23 per \$1 in program funding provided.

Table 7: Job Creation Impacts, 2020-2025 (\$M)⁸

Impact Type	Employment	Labor Income	Value Added	Economic Output	State Tax Revenue
Direct	4,222	\$200.5	\$249.5	\$960.7	\$1.8
Indirect	1,374	\$96.4	\$155.1	\$320.5	\$6.9
Induced	2,948	\$163.4	\$327.6	\$572.2	\$18.0
Total	8,544	\$460.3	\$732.1	\$1,853.3	\$26.8

Table 5: Capital Investment Impacts, 2020-2025 (\$M)

Impact Type	Employment	Labor Income	Value Added	Economic Output	State Tax Revenue
Direct	13,136	\$879.1	\$1,125.9	\$2,543.7	\$12.4
Indirect	4,154	\$330.6	\$546.8	\$1,138.7	\$30.6
Induced	3,968	\$220.0	\$431.7	\$752.6	\$23.5
Total	21,258	\$1,429.7	\$2,104.4	\$4,435.0	\$66.5

⁸ Job creation under the BEIP program was modeled as household income, as industry specification for job creation was not provided. Under this modeling scheme, job creation shows up under induced impacts as opposed to direct impacts and therefore reflects a more conservative estimation of the economic impacts associated with BEIP job creation.



Effect on Business Behavior

The “but for” test is frequently used to frame the question of whether an incentive changed a company’s decision. The term originated in federal urban development programs in the 1980s, where policymakers wanted to ensure public dollars were not simply replacing private capital. Today, “but-for” is often interpreted as whether an incentive was the deciding factor in a location, expansion, or retention decision. In practice, determining this with certainty is impossible. 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.

Still, the “but for” framework remains useful when applied properly. It highlights two distinct questions:

1. Was the incentive needed? Did it fill a true financial or competitive gap, or did it simply replace resources the firm would have invested anyway?
2. How much of the outcome should be attributed to the incentive? If the project moved forward, what portion of the resulting jobs, investment, and tax revenue can reasonably be linked to the incentive?

While estimates vary considerably, a widely cited meta-analysis of studies by Tim Bartik, a nationally recognized expert on economic and tax incentives, compiles 34 estimates of “but for” percentages from 30 different studies.⁹ Bartik’s paper concludes that typical incentives probably tip somewhere between 2 percent and 25 percent of incented firms toward a decision favoring the location providing the incentive. If incentive effects were demonstrated to be zero percent, then we would know that incentives were a waste of money. But if incentives tip 2 percent or even 20 percent of business decisions, then whether the incentive pays off for state or local residents depends on the details of the incentive costs and total benefits inclusive of policy goals.

Factors That Shape Whether Incentives Matter

The relative importance of incentives depends on several firm- and project-specific factors. When evaluating applications or shaping program design, states should account for the following dynamics:

- **Geographic Options:** Incentives are more influential when a firm is choosing among multiple locations that can all meet its operational needs. If the company has already narrowed its decision to a specific region—or has immobile functions—the value of incentives declines sharply.
- **Existence of Multiple Viable Alternatives:** Relatedly, when companies credibly consider multiple sites, including out-of-state options, incentives can help distinguish a state’s value proposition. This is especially true when firms are deciding between existing facilities within their own network.
- **New vs. Existing Facilities:** Incentives can attract new operations, but they also play a role in retaining existing employers. Even when a company is already in a city or state, incentives may

⁹ Bartik, Timothy J. 2018. “But For’ Percentages for Economic Development Incentives: What Percentage Estimates are Plausible Based on the Research Literature?” Upjohn Institute Working Paper 18-289. Kalamazoo, MI: W.E. Upjohn Institute for Employment Research. <https://doi.org/10.17848/wp18-289>



support growth that would not occur otherwise or strengthen long-term commitment to the city or state.

- **Design of the Incentive:** The size, structure, and timing of the incentive affect its potential influence. Pay-for-performance incentives tied to job creation or capital investment are often more impactful on firm behavior than automatic tax preferences.
- **Industry or Project Characteristics:** Cost-sensitive functions (manufacturing, logistics, back-office operations) and foreign-owned firms are more responsive to incentives. Conversely, firms that rely heavily on specialized local assets may weigh incentives less in their location calculus.

These factors indicate but do not definitely determine whether a business receiving the incentive would likely have taken action required to receive the incentive in the absence of such incentive.

Applying But for Considerations in Pooled Finance

Geographic Options: Firms accessing Pooled Finance program funds must have existing operations located in the state. The programs enable existing firms to expand or innovate their operations, maintaining the state's competitive advantage. If a firm were interested in expanding facilities elsewhere, the Pooled Finance programs may positively influence them to instead undertake their investments in Oklahoma.

Viable Alternatives: Particularly for BEIP, Quality Jobs and the Investment-New Jobs Tax Credit are alternative programs that qualifying firms may be considering. The programs all have different structures in addition to capital investment and payroll thresholds, meaning users can select the program that best fits their intended project.

New vs. Existing Facilities: The Pooled Finance programs enable firms to invest in facility expansion and innovation at a lower cost, helping to keep employers in the state and support local jobs.

Design of the Incentive: The Pooled Finance programs offer multiple structures to help lower the overall cost of investments, adding up-front value to a contemplated business decision. Additionally, the program's application-based design helps ensure that awarded funds deliver meaningful value to the underlying investment or business decision. Firms are unlikely to undertake the effort of applying for and securing an award unless doing so materially improves the economics of the contemplated project.

Industry or Project Characteristics: The OIEP program is tailored to manufacturing firms, who may be particularly cost-sensitive and therefore responsive to the Pooled Finance programs.

Ultimately, as with many incentive programs, there is no definitive answer as to whether the Pooled Finance programs truly incentivize business activity that would not have taken place in their absence. The "but for" test, while conceptually useful, cannot be answered with true certainty, given the range of market, workforce, and cost considerations that shape any location, expansion, or retention decision. What the evidence and interviews with funding recipients does suggest, however, is that the programs likely do spur some degree of behavior change at the margin, particularly in industries where firms tend to be more cost-sensitive and therefore more responsive to the cost reductions and up-front value the programs provide.



Goals, Strategy, and Competitive Considerations



Strategic Plan Alignment

The Pooled Finance programs align with Commerce's 2025 Strategic Plan for Community and Economic Development. The five identified pillars driving economic growth were identified as responsive partnerships, regional industry targeting, ready workforce, ready sites, and relevant incentives. The Pooled Finance programs support several of these pillars, particularly through its function as a state incentive ensuring Oklahoma's business competitiveness and encouraging existing Oklahoma businesses to invest and expand within the state. Further, the Pooled Finance programs require a demonstrated net benefit to the state, protecting taxpayer dollars.

Another pillar of the strategic plan closely addressed through the Pooled Finance programs is the ready sites pillar, aimed at supporting the strategic infrastructure investments required for a strong business environment. The P3 program in particular finances infrastructure investments in which there is a demonstrated benefit to both a local government and one of more private-sector entities. The program's geographic reach, spanning 28 counties and multiple industries between 2023 and 2026, reflects the broader goal of ensuring that infrastructure investment reaches communities beyond the state's two largest metros.

The strategic plan also identifies "Grow Community Capital Improvement" as one of its 10 key measurable goals, defining success as increasing community infrastructure projects that foster sustainable economic growth. P3 directly advances the state's goals surrounding strategic infrastructure investments. Additionally, the responsive partnerships pillar calls for proactive collaboration with communities and business stakeholders. Through ODFA and the Department's work with regional chambers of commerce and economic development organizations to identify qualified projects, the Pooled Finance programs create and sustain meaningful partnerships that ensure a supportive and competitive business environment across the state.

The strategic plan also outlines three core programmatic goals of direct new jobs, increased average annual wages, and new private investment. The Pooled Finance programs directly and measurably contribute to these goals by design. Between 2020 and 2025, the programs collectively supported the creation of more than 11,300 new jobs at an average wage of approximately \$53,300, which has grown annually. Over the same period, more than \$2.5 billion in private capital investment was leveraged with \$397.1 million in program funding.

Macroeconomic Impacts and Competitive Advantage

The programs also contribute to macroeconomic stability and competitiveness through their geographic distribution. The statutory reservation of 65 percent of the pool for projects in municipalities with a population under 300,000 ensures that the programs' economic benefits are not concentrated exclusively in Oklahoma City and Tulsa, but flow to smaller communities that may have fewer alternative economic development tools available. This design feature supports the broader strategic goal of inclusive, statewide economic growth and helps counteract the concentration of investment that tends to occur organically in the state's two largest metros. The fact that BEIP awards between 2021 and 2025 reached roughly 40 of Oklahoma's 77 counties reflects this distributional intent.

Additionally, the program is structured as a revolving fund, with state disbursements repaid through payroll tax withholdings generated by award recipients. This model, while unusual among peer states, provides a structural advantage for maintaining program effectiveness. Rather than a direct appropriation or tax credit, the revolving fund structure limits net state costs while still providing the upfront financing to enable investments that might not otherwise be viable. Taken together, the structure, self-financing mechanism, geographic reach, and demonstrated employment and capital investment outcomes of the Pooled Finance programs support a finding that they advance Oklahoma's strategic economic goals and create a meaningful competitive advantage for the state.



Nevertheless, the intent of the program is at the micro-level: to encourage and enable private and public investment activity that supports broader economic goals like job creation. The macroeconomic impacts resulting from the program activity, while positive, are subsidiary to the business-level decisions that these programs target.



Incentive Benchmarking



Benchmarking

For evaluation purposes, benchmarking provides information related to how peer states use and evaluate similar incentives. At the outset, it should be understood that no states are ‘perfect peers’ – there will be multiple differences in economic, demographic and political factors that will have to be considered in any analysis; likewise, it is exceedingly rare that any two state incentive programs will be exactly the same.¹⁰ These benchmarking realities must be taken into consideration when making comparisons – and, for the sake of brevity, the report will not continually re-make this point throughout the discussion.

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

Many states, including Oklahoma, offer financing mechanisms to support public infrastructure and private capital projects through an authority rather than a direct state appropriation. Similarly, many states support this investment activity through tax credits connected to withholding taxes generated by new capital spending and job creation. While other states support similar activity to that supported by BEIP, OIEP, and P3, most other state programs are less comprehensive and thus capture just a part of what the Oklahoma Pooled Finance programs entail.

Peer State Incentives

While many states have programs that similarly aim to support job creation and capital investment, these programs are often more analogous to Oklahoma’s Quality Jobs and Investment New Jobs tax credits. Oklahoma’s Pooled Finance programs are generally unique in their structure as a pooled revolving fund as opposed to a withholding retention or tax credit. While other states operate programs with a similar intention of supporting municipal infrastructure investments where there is a corresponding private benefit as the P3 Pooled Finance program, very few extend financing benefits to private entities like BEIP and OIEP.

Texas’ Capital Fund Infrastructure program is one example of a state program providing financing for public infrastructure investments in which there is specific benefit to a business or businesses.¹¹ Benefitting businesses must commit to creating and/or retaining jobs, with a specific focus on low- and moderate-income employees. The fund provides low-cost financing funded through the sale of general obligation bonds.

New Mexico offers two programs that collectively offer similar benefits to Oklahoma’s Pooled Finance programs. The Public Project Revolving Fund (PPRF) provides loans for infrastructure and capital equipment to local governments at low, fixed interest rates.¹² Funds are administered through the New Mexico Finance Authority, which acts as the bonding and lending authority. Funds through this program are only available to public entities, whereas New Mexico’s Opportunity Enterprise Revolving Fund offers funding to support enterprise development projects to create or expand economic development

¹⁰ The primary instances of exactly alike state incentive programs occur when states choose to ‘piggyback’ onto federal programs.

¹¹ Texas Department of Agriculture, Texas Capital Fund: Infrastructure Development Program. Accessed electronically at <https://texasagriculture.gov/Portals/0/Publications/RED/TCF/Infrastructure%20FAQ%206.9.14.pdf>.

¹² New Mexico Finance Authority, Public Project Revolving Fund. Accessed electronically at <https://www.nmfinance.com/project/public-project-revolving-fund/>.



opportunities within the state.¹³ Funding is provided on a by-application basis to businesses that increase the inventory of commercial space while creating or expanding economic opportunity in the state. Priority in award funding is based on the state's strategic focus and high growth sectors and focuses on creating and retaining family-supporting jobs, advancing innovation, and supporting the growth of targeted industries. This program was enacted in 2022, while PPRF was enacted in 1992. Between 1992 and 2025, PPRF made over 2,200 loans amounting to approximately \$5 billion.¹⁴

Comparison to Other Oklahoma Incentives

The Pooled Finance programs are one way that Oklahoma positions incentives to support job creation and capital investment. Other key programs offered to advance these goals are the Quality Jobs Program and the Investment Tax Credit.

BEIP and OIEP are similar to the Quality Jobs program in that they all require qualifying projects to be a net benefit to the state as calculated by the Department of Commerce. The Quality Jobs program additionally requires new jobs to meet specific wage and benefit targets and limits program eligibility to certain industries. The Investment Tax Credit has comparatively fewer requirements; while companies must commit to creating net new jobs and investing, at minimum, \$50,000, there is no meaningful wage threshold and the program does not require a net benefit analysis by the Department. By contrast, the Pooled Finance programs do not have industry, minimum wage, or benefit requirements. The only eligibility requirement applicable for these programs as it relates to job creation is the \$2 million payroll threshold under BEIP.

Despite the lower standards for jobs created under the Pooled Finance programs compared to the Quality Jobs Program, the benefits can be more generous for recipients. The Department noted that it has worked with applicant companies to ensure that they are utilizing the program best suited to them depending on payroll, investment size, and industry.

¹³ New Mexico Finance Authority, Opportunity Enterprise – Commercial Development. Accessed electronically at <https://www.nmfinance.com/project/opportunity-enterprise-commercial-development/>.

¹⁴ New Mexico Legislature, Fiscal Impact Report: New Mexico Finance Authority. Accessed electronically at <https://www.nmlegis.gov/Sessions/25%20Regular/firs/SB0115.PDF>.



Appendices



Appendix A: 62 O.S. § 891.1 et seq. – Oklahoma Community Economic Development Pooled Finance Act

§62-891.1. Short title.

This act shall be known and may be cited as the "Oklahoma Community Economic Development Pooled Finance Act".

Added by Laws 2009, c. 309, § 1, eff. July 1, 2009.

§62-891.2. Purpose of act.

The Legislature finds investments for the purpose of economic development of the State of Oklahoma, including but not limited to authorized economic development projects for the purpose of attracting private investment and job creation, public infrastructure to aid development such as roads, bridges, water treatment, water storage and water delivery facilities, surface water management assets, sanitary sewer facilities and related assets, and other assets owned or maintained by the counties, cities and towns of the state are essential to a safe and productive environment for the residents of the state and visitors to the state. The Legislature further finds that existing fiscal resources at the local government level are not always sufficient to maintain the highest possible standards of safety or quality and that it is an essential function of state government to ensure that critical infrastructure is constructed, maintained and repaired in conformity with such highest possible standards. The Legislature finds that encouraging local governments to cooperate to develop regional infrastructure and economic development projects will most economically and efficiently serve the needs of the state's citizens. The Legislature finds that the methods of public finance provided for in the Oklahoma Community Economic Development Pooled Finance Act are in furtherance of an essential public and state governmental function.

Added by Laws 2009, c. 309, § 2, eff. July 1, 2009.

§62-891.3. Definitions.

1. "Authority" means the Oklahoma Development Finance Authority;
2. "Bonds" means any form of obligation issued by the Oklahoma Development Finance Authority pursuant to the Oklahoma Community Economic Development Pooled Finance Act;
3. "Business entity" means a corporation, limited liability company, general partnership, limited partnership or such other entity conducting a lawful activity which is organized pursuant to the laws of the state or which is authorized to do business in the state if organized under the law of another jurisdiction;
4. "Community Economic Development Pooled Finance Revolving Fund" means the fund created pursuant to Section 891.15 of this title;
5. "Conduit issuer" means the Oklahoma Development Finance Authority acting for the benefit of either a combination of local government entities or a local government entity or entities in conjunction with a for-profit business entity pursuant to the provisions of the Oklahoma Community Economic Development Pooled Finance Act;
6. "Credit Enhancement Reserve Fund" means that fund created pursuant to Section 5063.3 of Title 74 of the Oklahoma Statutes;
7. "Debt" means bonds, notes or other evidence of indebtedness issued by the Oklahoma Development Finance Authority;
8. "Department" means the Oklahoma Department of Commerce;
9. "Economic Development Pool" means proceeds of obligations sold by the Authority to provide resources for eligible local government entities or a local government entity in conjunction with a for-profit business entity to finance an eligible economic development project or other purposes authorized by the Oklahoma Community Economic Development Pooled Finance Act;
10. "Eligible local government entity" means:
 - a. a city,
 - b. a town,
 - c. a county,



- d. any combination of cities, towns or counties,
 - e. a public trust with a beneficiary or beneficiary which is a city, town, county or some combination of such entities as authorized by Section 176 of Title 60 of the Oklahoma Statutes, or
 - f. an entity subject to the jurisdiction of the State Board of Career and Technology Education or the Oklahoma State Regents for Higher Education;
11. "Federal government defense entities" means U.S. Department of Defense installations in the State of Oklahoma including Fort Sill, Tinker Air Force Base, Altus Air Force Base, Vance Air Force Base and McAlester Army Ammunition Plant;
12. "For-profit business" means any lawful activity conducted by a business entity with the goal or expectation of selling goods, services or other property at a price greater than the actual costs incurred by the business;
13. "Infrastructure" means:
- a. county roads,
 - b. county bridges,
 - c. municipal streets,
 - d. municipal bridges,
 - e. any railway or utility system owned by an eligible local government entity,
 - f. water treatment facilities,
 - g. solid waste management facilities,
 - h. water treatment and distribution systems,
 - i. any asset or project identified by the eligible local government entities necessary for essential government functions if the asset is owned by a local government entity or entities, or
 - j. any asset or project that is owned or operated by an eligible local government entity that provides a specific industry focused training program that:
 - (1) is collaboratively developed with major industry employers in this state to meet the occupational and skill demands in its workforce, and
 - (2) the delivery of instruction may be a collaboration between or among entities under the jurisdiction of the State Department of Education, the State Board of Career and Technology Education and the Oklahoma State Regents for Higher Education;
14. "Infrastructure Pool" means proceeds of obligations sold by the Authority to provide resources for eligible local government entities to provide financing for infrastructure or other purposes authorized by the Oklahoma Community Economic Development Pooled Finance Act;
15. "Pooled financing" means an agreement, pursuant to the provisions of the Oklahoma Community Economic Development Pooled Finance Act or pursuant to the Interlocal Cooperation Act, among two or more eligible local governmental entities or involving a local government entity or entities in conjunction with a for-profit business entity to use proceeds from a tax levy or other authorized source of revenue to make payments of principal, interest and other related costs in connection with an obligation issued by the Oklahoma Development Finance Authority for the benefit of the entities entering into such agreement according to the terms of the agreement and according to the requirements of any ballot submitted to the voters of the respective eligible local governmental entities. Pooled financing does not mean or include the use of any ad valorem tax revenues derived from a levy imposed pursuant to Section 26 of Article X of the Oklahoma Constitution;
16. "Private activity bonds" means those obligations the interest income from which may be exempt from federal income tax pursuant to the provisions of the Internal Revenue Code of 1986, as amended; and
17. "Public-Private Partner Development Pool" means proceeds of obligations sold by the Oklahoma Development Finance Authority to provide resources for eligible local government entities to provide financing for infrastructure in conjunction with for-profit business entities and federal government defense entities or any other purpose authorized by the Oklahoma Community Economic Development Pooled Finance Act.



Added by Laws 2009, c. 309, § 3, eff. July 1, 2009. Amended by Laws 2010, c. 373, § 1, emerg. eff. June 7, 2010; Laws 2013, c. 179, § 1, eff. Nov. 1, 2013; Laws 2019, c. 260, § 1, eff. Nov. 1, 2019; Laws 2021, c. 363, § 1, eff. Nov. 1, 2021.

§62-891.4. Applicability of Oklahoma Development Finance Authority Act.

Unless otherwise provided by the terms, definitions or other provisions of the Oklahoma Community Economic Development Pooled Finance Act, the powers, rights, duties and limitations applicable to the Oklahoma Development Finance Authority pursuant to the provisions of the Oklahoma Development Finance Authority Act shall be applicable to the Authority and transactions conducted pursuant to the Oklahoma Community Economic Development Pooled Finance Act.

Added by Laws 2009, c. 309, § 4, eff. July 1, 2009.

§62-891.5. Applicability of Credit Enhancement Reserve Fund Act - Participation in Community Economic Development Pooled Finance Revolving Fund.

A. To the extent that the provisions of the Credit Enhancement Reserve Fund Act are consistent with the provisions of the Oklahoma Community Economic Development Pooled Finance Act, the provisions of the Credit Enhancement Reserve Fund Act shall be applicable to a pooled financing.

B. The Credit Enhancement Reserve Fund shall not be utilized in support of any pooled financing obligations issued pursuant to this act prior to the full use of any revenues committed to the repayment of any such obligations pursuant to an agreement or agreements among the participating local government entities or for-profit business entity for the repayment of principal, interest and other costs of the pooled financing.

C. Agreements entered into pursuant to this act may provide for one or more of the participating local government entities to make deposits in the Community Economic Development Pooled Finance Revolving Fund in excess of the amount originally provided for in any agreement authorized by this act in order to compensate for the payments otherwise required to be made by any other participating local government entity which is a party to the same agreement.

D. If any participating local government entity does not make deposits in the Community Economic Development Pooled Finance Revolving Fund as originally required by an agreement authorized by this act, such local government entity shall be required to compensate the other participating local government entity or entities pursuant to the terms of the agreement for the amounts paid on its behalf, including interest.

E. Any local government entity that does not make deposits in the Community Economic Development Pooled Finance Revolving Fund according to the terms of an agreement authorized by this act shall be prohibited from participation in any other pooled financing otherwise authorized by this act for a period of five (5) years from the date of the first date upon which a required deposit to the Community Economic Development Pooled Finance Revolving Fund is not made or for a period of five (5) years from the first date upon which a payment is made on a timely basis, but for less than the amount required pursuant to the terms of an agreement authorized pursuant to this act.

Added by Laws 2009, c. 309, § 5, eff. July 1, 2009.

§62-891.6. Bonds and other obligations.

A. No bonds or other obligations issued by the Authority pursuant to the provisions of the Oklahoma Community Economic Development Pooled Finance Act shall be considered or deemed to be general obligations of the State of Oklahoma. Such bonds or other obligations shall be special and limited obligations the repayment of which shall be derived exclusively from the revenues accruing to the credit of the Community Economic Development Pooled Finance Revolving Fund created pursuant to Section 15 of this act.



B. The obligations issued by the Authority pursuant to this act shall have a maximum maturity of twenty-five (25) years.

C. The average coupon rate for any obligations issued by the Authority pursuant to this act shall not exceed fourteen percent (14%) per annum.

Added by Laws 2009, c. 309, § 6, eff. July 1, 2009.

§62-891.7. Infrastructure Pool.

A. The Authority shall be authorized to act as a conduit issuer for the benefit of two or more eligible local government entities for an authorized infrastructure project using the Infrastructure Pool.

B. The Authority shall be authorized to issue its obligations in order to provide net proceeds on a pooled basis not to exceed One Hundred Twenty Five Million Dollars (\$125,000,000.00) for the Infrastructure Pool. The Authority shall be authorized to issue obligations within the limit prescribed by this subsection based upon the defeasance of previously issued obligations.

C. Except as otherwise provided by subsection F of this section, proceeds from the Infrastructure Pool shall be for the purpose of providing financing for two or more eligible local government entities for an authorized infrastructure project located in this state involving a pooled financing.

D. Sixty-five percent (65%) of the net proceeds from the Infrastructure Pool shall be used by the Authority for the benefit of eligible local government entities the population of which, according to the most recent Federal Decennial Census, does not exceed three hundred thousand (300,000) persons for any participating municipality.

E. Thirty-five percent (35%) of the net proceeds from the Infrastructure Pool may be used by the Authority for the benefit of any and all eligible local government entities regardless of population.

F. The proceeds from the Infrastructure Pool may also be used for the purposes authorized by Section 891.8 of this title.

Added by Laws 2009, c. 309, § 7, eff. July 1, 2009. Amended by Laws 2010, c. 285, § 1; Laws 2013, c. 179, § 2, eff. Nov. 1, 2013; Laws 2026, HB 3979 c. 324, § 1, eff. July 1, 2026.

§62-891.8. Economic Development Pool.

A. The Authority shall be authorized to act as a conduit issuer for the benefit of one or more eligible local government entities or for the benefit of one or more local government entities in conjunction with a for-profit business entity for an authorized economic development project using the Economic Development Pool.

B. The Authority shall be authorized to issue its obligations in order to provide net proceeds on a pooled basis not to exceed One Hundred Twenty Five Million Dollars (\$125,000,000.00) for the Economic Development Pool. The Authority shall be authorized to issue obligations within the limit prescribed by this subsection based upon the defeasance of previously issued obligations.

C. Except as otherwise provided by subsection G of this section, proceeds from the Economic Development Pool shall be for the purpose of providing financing for an eligible local government entity or entities or for the benefit of a business entity for an authorized economic development project located in this state.

D. Sixty-five percent (65%) of the net proceeds from the Economic Development Pool shall be used by the Authority for the benefit of eligible local government entities the population of which, according to the most recent Federal Decennial Census, does not exceed three hundred thousand (300,000) persons for any participating municipality.

E. Thirty-five percent (35%) of the net proceeds from the Economic Development Pool may be used by the Authority for the benefit of any and all eligible local government entities regardless of population.

F. Obligations issued pursuant to the provisions of this section may be issued on a tax-exempt basis if the applicable provisions of federal law governing private activity bonds allow such issuance. Otherwise, the obligations issued pursuant to the provisions of this section shall be issued on a taxable basis.



G. The proceeds from the Economic Development Pool may also be used for the purposes authorized by Section 891.7 of this title.

Added by Laws 2009, c. 309, § 8, eff. July 1, 2009. Amended by Laws 2010, c. 285, § 2; Laws 2013, c. 179, § 3, eff. Nov. 1, 2013; Laws 2026, HB 3979 c. 324, § 2, eff. July 1, 2026.

§62-891.9. Local governments liable for debt issued — Payments.

A. With respect to an eligible project financed through the Infrastructure Pool, local government entities shall be required to be financially responsible for the repayment of the debt issued by the Oklahoma Development Finance Authority.

B. With respect to obligations incurred by the Authority for an authorized infrastructure project, local government entities shall make payments to the Oklahoma Development Finance Authority for principal, interest, required reserve amounts, and any other amount required in order to make the obligations issued by the Authority marketable.

C. Repayment by local government entities pursuant to the provisions of this section shall consist of authorized revenue sources including, but not limited to, taxes levied by the local government entities or which are available for use by such entities pursuant to the provisions of Section 1370 of Title 68 of the Oklahoma Statutes, Section 2701 et seq. of Title 68 of the Oklahoma Statutes and the provisions of Sections 13 and 14 of this act.

D. The Authority shall use the monies in the Community Economic Development Pooled Finance Revolving Fund created by Section 15 of this act in order to make payments of principal, interest and other costs.

Added by Laws 2009, c. 309, § 9, eff. July 1, 2009.

§62-891.10. Oklahoma Department of Commerce rules and forms - Prioritized list - Authority for the Infrastructure Pool.

A. The Oklahoma Department of Commerce shall promulgate rules for purposes of establishing criteria for the funding of authorized infrastructure projects from the proceeds of obligations issued by the Authority for the Infrastructure Pool.

B. The criteria shall be similar to the criteria used by the federal government in administering the Community Development Block Grant program.

C. A combination of eligible local government entities shall apply to the Department for approval of a pooled financing for an infrastructure project on such forms as the Department may prescribe for such purpose.

D. The Department shall compile and maintain a prioritized list of infrastructure projects eligible for pooled financing through the Oklahoma Development Finance Authority.

E. The Oklahoma Development Finance Authority shall use the prioritized list provided by the Department in order to provide financing to the eligible local government entities.

F. The Authority shall, within the limit on available bond proceeds in the Infrastructure Pool, provide proceeds in accordance with the scoring system used by the Department.

Added by Laws 2009, c. 309, § 10, eff. July 1, 2009.

§62-891.11. Economic development project scoring system - Authority for the Economic Development Pool - For-profit business participation.

A. The Oklahoma Department of Commerce shall establish a scoring system in order to evaluate economic development projects to be financed from the proceeds of obligations issued by the Authority for the Economic Development Pool.

B. The scoring system shall include, but shall not be limited to, analysis of:

1. Capital investment by a for-profit business entity;
2. New direct jobs, as such term is defined by Section 3603 of Title 68 of the Oklahoma Statutes, to be created by a for-profit business entity or entities;



3. Salary and wage payments to persons employed in new direct jobs; and
4. Likelihood of additional business location decisions resulting from the activity of the for-profit business entity or entities that would benefit from use of the Economic Development Pool.

C. One eligible local government entity, in conjunction with a for-profit business entity, or a combination of eligible local government entities, in conjunction with a for-profit business entity, may apply to the Department for approval of a pooled financing for an economic development project on such forms as the Department may prescribe for such purpose.

D. The Department shall compile and maintain a prioritized list of projects eligible for pooled financing through the Oklahoma Development Finance Authority from the Economic Development Pool.

E. The Oklahoma Development Finance Authority shall use the prioritized list provided by the Department in order to provide financing to the eligible local government entity or entities or to a for-profit business entity in conjunction with a local government entity or entities.

F. The Authority shall, within the limit on available bond proceeds in the Economic Development Pool, provide proceeds in accordance with the scoring system used by the Department.

Added by Laws 2009, c. 309, § 11, eff. July 1, 2009.

§62-891.12. For-profit businesses determination letter and agreements - Withholding taxes.

A. As used in this section:

1. "Estimated direct state benefits" means the tax revenues projected by the Oklahoma Department of Commerce to accrue to the state as a result of new direct jobs;
2. "Estimated indirect state benefits" means the indirect new tax revenues projected by the Oklahoma Department of Commerce to accrue to the state, including, but not limited to, revenue generated from ancillary support jobs directly related to the primary business;
3. "Estimated direct state costs" means the costs projected by the Department to accrue to the state as a result of new direct jobs. Such costs shall include, but not be limited to:
 - a. the costs of education of new state resident children,
 - b. the costs of public health, public safety and transportation services to be provided to new state residents,
 - c. the costs of other state services to be provided to new state residents, and
 - d. the costs of other state services; and
4. "Estimated indirect state costs" means the costs projected by the Department to accrue to the state as a result of new indirect jobs. Such costs shall include, but not be limited to, costs enumerated in subparagraphs a, b, c and d of paragraph 3 of this subsection.

B. A for-profit business entity that would otherwise qualify to receive or benefit from proceeds from the issuance of obligations by the Authority from the Economic Development Pool shall be required to obtain a determination letter from the Oklahoma Department of Commerce that the business activity of the entity will result in a positive net benefit rate, to be computed by the Department of Commerce using a methodology which provides for the analysis of estimated direct state benefits, estimated indirect state benefits, estimated direct state costs and estimated indirect state costs. The Oklahoma Department of Commerce shall use such information as it determines to be relevant for the analysis required by this subsection including, but not limited to, the type of business activity in which the entity is engaged or will be engaged, amount of capital investment, type of assets acquired or utilized by the business entity, economic effect of the business activity within the relevant geographic region and such other factors as the Department determines to be relevant. The Oklahoma Department of Commerce may use information regarding the business entity alone or in conjunction with relevant information regarding other business activity in a geographically relevant area surrounding the principal business location of the primary business entity in order to perform the computation of the net benefit rate. If the result of the analysis is a positive net benefit rate, the business entity shall be allowed to capture withholding taxes associated with new jobs or with existing jobs as otherwise provided by this act. The Oklahoma



Department of Commerce shall transmit a determination letter to the authorized representative of the business entity and shall also transmit a copy of the determination letter to the Oklahoma Tax Commission and to the Oklahoma Development Finance Authority, regardless of whether the result is a positive or negative net benefit rate. The Oklahoma Development Finance Authority shall not allow a business entity to use captured withholding tax revenues for purposes of any pooled financing otherwise authorized by this act unless the Oklahoma Department of Commerce has previously transmitted a determination letter that reveals a positive net benefit rate for the business entity.

C. Any for-profit business entity that receives proceeds from the issuance of any obligations by the Authority from the Economic Development Pool may be required by the applicable local government entity to enter into such agreements as may be required between the entity, the local government entity, the Authority and the Oklahoma Tax Commission to provide for the segregation of withholding taxes attributable to new direct jobs created or existing payroll retained by the for-profit business entity in connection with the asset or assets acquired, constructed or improved with such proceeds.

D. The amount of withholding taxes subject to the provisions of this section shall, together with other revenue sources or commitments and undertakings by the for-profit business entity or third parties, be sufficient to make payment of any required principal, interest, adequate reserves or other authorized costs for the borrowing by the Authority.

E. The Authority shall have such power of approval regarding the amount and duration of withholding tax segregation pursuant to the provisions of this section in order to ensure payment of its obligations and to promote the marketability of such obligations.

F. The Authority shall obtain information from the for-profit business entity as may be required in order to determine the necessary amount of segregated withholding taxes attributable to new direct jobs or existing payroll.

G. The Oklahoma Tax Commission shall determine with respect to the withholding taxes attributable to the income of employees engaged in new direct jobs or existing jobs for a for-profit business entity participating in a pooled financing pursuant to the Oklahoma Community Economic Development Pooled Finance Act the amount of such withholding taxes required to be deposited to the credit of the Community Economic Development Pooled Finance Revolving Fund.

H. The Oklahoma Tax Commission shall make a deposit in the Community Economic Development Pooled Finance Revolving Fund in accordance with any applicable agreement entered into by a for-profit business entity participating in a pooled financing pursuant to the Oklahoma Community Economic Development Pooled Finance Act.

I. No for-profit business entity that benefits from proceeds of obligations issued by the Authority from the Economic Development Pool may receive or continue to receive incentive payments pursuant to the Oklahoma Quality Jobs Program Act or claim any investment tax credits otherwise authorized pursuant to Section 2357.4 of Title 68 of the Oklahoma Statutes during the period of time that any withholding taxes attributable to the payroll of such entity are being paid to the Community Economic Development Pooled Finance Revolving Fund or in any manner used for the payment of principal, interest or other costs associated with any obligations issued by the Authority pursuant to the provisions of this act.

Added by Laws 2009, c. 309, § 12, eff. July 1, 2009.

§62-891.13. Submitting tax questions to municipal voters.

A. As used in this section:

1. "Authority" means the Oklahoma Development Finance Authority;
2. "Eligible local government entity" means:
 - a. a city,
 - b. a town,
 - c. a county,
 - d. any combination of cities, towns, or counties, or



- e. a public trust with a beneficiary or beneficiary which is a city, town, county or some combination of such entities as authorized by Section 176 of Title 60 of the Oklahoma Statutes;
- 3. "Existing levy" means a tax or other revenue-raising mechanism approved by the voters of a county, city or town prior to the effective date of this act;
- 4. "Municipality" means an incorporated city or town; and
- 5. "Pooled financing" means the use of municipal revenues, derived from a levy imposed pursuant to the authority of Section 2701 of Title 68 of the Oklahoma Statutes, available to one or more municipalities or county revenues, derived from a levy imposed pursuant to the authority of Section 1370 of Title 68 of the Oklahoma Statutes, based upon the local government entity participating in a pooled financing.
- B. Subject to the requirements of Section 2701 of Title 68 of the Oklahoma Statutes, one or more municipalities may submit to the respective voters of each such municipality the question of whether to impose a tax not previously imposed, authorized by Section 2701 of Title 68 of the Oklahoma Statutes, in order to provide revenues to repay indebtedness incurred by the Authority for the purposes authorized by the Oklahoma Community Economic Development Pooled Finance Act. The provisions of this subsection shall be applicable to any one or more municipalities participating in a pooled financing, regardless of whether any other municipality, subject to voter approval, will be imposing a tax levy to be used for the purposes of this act for the first time or whether any one or more of such municipalities, subject to voter approval, will be modifying the purposes of an existing tax levy to allow revenues to be used for the purposes of this act.
- C. Subject to the requirements of Section 2701 of Title 68 of the Oklahoma Statutes, one or more municipalities may submit to the respective voters of each such municipality the question of whether to modify an existing tax levy, previously approved by the voters of such municipality, in order to allow the use of some part or all of the proceeds from the existing tax levy in order to provide revenues to repay indebtedness incurred by the Authority for the purposes authorized by this act. The provisions of this subsection shall be applicable to any one or more municipalities participating in a pooled financing, regardless of whether any other municipality, subject to voter approval, will be imposing a tax levy to be used for the purposes of this act for the first time or whether any one or more of such municipalities, subject to voter approval, will be modifying the purposes of an existing tax levy to allow revenues to be used for the purposes of this act.
- D. Municipalities may submit questions authorized by this section regardless of whether the municipalities are contiguous or adjacent to one another.
- E. A municipality that submits a question for the imposition of a dedicated tax levy pursuant to the provisions of this section shall specify the type of tax levy and the rate of the levy in the question submitted which shall be clearly identified by the wording of the ballot.
- F. A municipality may impose a different tax levy or the same type of tax levy at a different rate than any other municipality or municipalities or a different tax levy or at a different tax rate than any other county or counties submitting a pooled financing question for voter approval.
- G. The duration of the tax levy shall be identical in all questions submitted for voter approval and shall not exceed twentyfive (25) years.
- H. The ballot for a pooled financing pursuant to the provisions of this act shall clearly indicate:
 - 1. That the revenues from the tax levy are to be used for the payment of principal, interest and other costs of borrowing authorized by the provisions of this act;
 - 2. The maximum maturity of the obligations to be repaid; and
 - 3. The projects or assets to be acquired, constructed, improved, maintained or otherwise used by the municipality as a result of the imposition of the levy.
- I. Revenues derived from a tax levy imposed pursuant to the provisions of this section shall be paid by the municipality or municipalities to the Community Economic Development Pooled Finance Revolving Fund created pursuant to Section 15 of this act.
- J. No tax levy imposed pursuant to the provisions of this section shall be repealed until such time as the obligations issued by the Authority are fully paid. In no event shall the duration of the levy be extended beyond the duration approved by the voters of the municipality or municipalities.



Added by Laws 2009, c. 309, § 13, eff. July 1, 2009.

§62-891.14. Submitting tax questions to county voters.

A. As used in this section:

1. "Authority" means the Oklahoma Development Finance Authority;
2. "Eligible local government entity" means:
 - a. a city,
 - b. a town,
 - c. a county,
 - d. any combination of cities, towns, or counties, or
 - e. a public trust with a beneficiary or beneficiary which is a city, town, county or some combination of such entities as authorized by Section 176 of Title 60 of the Oklahoma Statutes;
3. "Existing levy" means a tax or other revenue raising mechanism approved by the voters of a county, city or town prior to the effective date of this act;
4. "Municipality" means an incorporated city or town; and
5. "Pooled financing" means the use of municipal revenues, derived from a levy imposed pursuant to the authority of Section 2701 of Title 68 of the Oklahoma Statutes, available to one or more municipalities or county revenues, derived from a levy imposed pursuant to the authority of Section 1370 of Title 68 of the Oklahoma Statutes, based upon the local government entity participating in a pooled financing.

B. Subject to the requirements of Section 1370 of Title 68 of the Oklahoma Statutes, one or more counties may submit to the respective voters of each such county the question of whether to impose a tax not previously imposed, authorized by Section 1370 of Title 68 of the Oklahoma Statutes, in order to provide revenues to repay indebtedness incurred by the Authority for the purposes authorized by the Oklahoma Community Economic Development Pooled Finance Act. The provisions of this subsection shall be applicable to any one or more counties participating in a pooled financing, regardless of whether any other county, subject to voter approval, will be imposing a tax levy to be used for the purposes of this act for the first time or whether any one or more of such counties, subject to voter approval, will be modifying the purposes of an existing tax levy to allow revenues to be used for the purposes of this act.

C. Subject to the requirements of Section 1370 of Title 68 of the Oklahoma Statutes, one or more counties may submit to the respective voters of each such county the question of whether to modify an existing tax levy, previously approved by the voters of such county, in order to allow the use of some part or all of the proceeds from the existing tax levy in order to provide revenues to repay indebtedness incurred by the Authority for the purposes authorized by this act. The provisions of this subsection shall be applicable to any one or more counties participating in a pooled financing, regardless of whether any other county, subject to voter approval, will be imposing a tax levy to be used for the purposes of this act for the first time or whether any one or more of such counties, subject to voter approval, will be modifying the purposes of an existing tax levy to allow revenues to be used for the purposes of this act.

D. Counties may submit questions authorized by this section regardless of whether the counties are contiguous or adjacent to one another.

E. A county that submits a question for the imposition of a dedicated tax levy or the modification of an existing tax levy pursuant to the provisions of this section shall specify the type of tax levy and the rate of the levy in the question submitted which shall be clearly identified by the wording of the ballot.

F. A county may impose a different tax levy or the same type of levy at a different rate than the other counties or a different levy or at a different rate than a participating municipality or municipalities submitting a pooled financing question to the respective voters of the participating jurisdictions.



G. The duration of the levy shall be identical in all questions submitted for voter approval and shall not exceed twenty-five (25) years.

H. The ballot for a pooled financing pursuant to the provisions of this act shall clearly indicate:

1. That the revenues from the tax levy are to be used for the payment of principal, interest and other costs of borrowing authorized by the provisions of this act;
2. The duration of the obligations to be repaid; and
3. The projects or assets to be acquired, constructed, improved, maintained or otherwise used by the county as a result of the imposition of the levy.

I. Revenues derived from a tax levy imposed pursuant to the provisions of this section shall be paid by the county to the Community Economic Development Pooled Finance Revolving Fund created pursuant to Section 15 of this act.

J. No tax levy imposed pursuant to the provisions of this section shall be repealed until such time as the indebtedness is fully repaid. In no event shall the duration of the levy be extended beyond the duration approved by the voters of the county.

Added by Laws 2009, c. 309, § 14, eff. July 1, 2009.

§62-891.15. Community Economic Development Pooled Finance Revolving Fund.

There is hereby created in the State Treasury a revolving fund for the Oklahoma Development Finance Authority to be designated the "Community Economic Development Pooled Finance Revolving Fund". The fund shall be a continuing fund, not subject to fiscal year limitations, and shall consist of all monies received by the Oklahoma Development Finance Authority from revenues derived from levies imposed by counties, cities, towns or combinations of such local governmental entities as provided by this act in addition to any withholding tax revenues as provided by Section 891.12 of this title or Section 5 of this act. All monies accruing to the credit of said fund are hereby appropriated and may be budgeted and expended by the Oklahoma Development Finance Authority for the purpose of paying principal, interest and other costs of borrowing by the Authority as authorized by this act. Expenditures from said fund shall be made upon warrants issued by the State Treasurer against claims filed as prescribed by law with the Director of the Office of Management and Enterprise Services for approval and payment.

Added by Laws 2009, c. 309, § 15, eff. July 1, 2009. Amended by Laws 2012, c. 304, § 468; Laws 2019, c. 260, § 2, eff. Nov. 1, 2019.

§62-891.16. Authority as conduit issuer - Public-Private Partner Development Pool – Issuance of obligations – Purpose of proceeds.

A. The Oklahoma Development Finance Authority shall be authorized to act as a conduit issuer for the benefit of at least one eligible local government entity in conjunction with one or more for-profit business entities and/or federal government defense entities for an authorized infrastructure development project using the Public-Private Partner Development Pool.

B. The Authority shall be authorized to issue obligations in order to provide net proceeds on a pooled basis not to exceed the combined Economic Development Pool and Infrastructure Development Pool amount authorized by Sections 891.7 and 891.8 of this title. The Authority shall be authorized to issue obligations within the limit prescribed by this subsection based upon the defeasance of previously issued obligations.

C. The proceeds from the Public-Private Partner Development Pool shall be for the purpose of providing financing for an eligible local government entity for an authorized infrastructure project located in this state that will benefit one or more business entities located in this state.

D. Sixty-five percent (65%) of the net proceeds from the Public-Private Partner Development Pool shall be used by the Authority for the benefit of eligible local government entities the population of which, according to the most recent Federal Decennial Census, does not exceed three hundred thousand (300,000) persons for any participating municipality.



E. Thirty-five percent (35%) of the net proceeds from the Public-Private Partner Development Pool may be used by the Authority for the benefit of any and all eligible local government entities regardless of population.

F. Obligations issued pursuant to the provisions of this section may be issued on a tax-exempt basis if the applicable provisions of federal law governing private activity bonds allow such issuance. In the event federal law does not allow issuance of obligations on a tax-exempt basis, such obligations shall be issued on a taxable basis.

Added by Laws 2019, c. 260, § 3, eff. Nov. 1, 2019.

§62-891.17. Promulgation of rules establishing funding criteria - Scoring system to evaluate projects.

A. The Oklahoma Department of Commerce shall promulgate rules for purposes of establishing criteria for the funding of authorized infrastructure projects from the proceeds of obligations issued by the Oklahoma Development Finance Authority for the Public-Private Partner Development Pool.

B. The Department shall establish a scoring system to evaluate projects to be financed from the proceeds of obligations issued by the Authority for the Public-Private Partner Development Pool.

C. The scoring system shall include, but shall not be limited to, analysis of:

1. Capital investment by one or more for-profit business entities and/or federal government defense entities;
2. Additional capital investment by one or more local government entities;
3. New direct jobs as defined by Section 3603 of Title 68 of the Oklahoma Statutes, to be created by a for-profit business entity or entities;
4. Salary and wage payments to persons employed in new direct jobs; and
5. The likelihood of additional business location decisions resulting from the activity of the for-profit business entity or entities that would benefit from use of the Public-Private Partner Development Pool.

D. One or more eligible local government entities shall apply to the Department for approval of a pooled financing for an infrastructure project on such forms as the Department may prescribe.

E. The Department shall compile and maintain a prioritized list of infrastructure projects eligible for pooled financing through the Authority.

F. The Authority shall use the prioritized list provided by the Department in order to provide financing to the eligible local government entities in conjunction with one or more for-profit business entity or entities for infrastructure development.

G. The Authority shall, within the limit on available bond proceeds in the Development Infrastructure Pool, provide proceeds in accordance with the scoring system established by the Department pursuant to this section.

Added by Laws 2019, c. 260, § 4, eff. Nov. 1, 2019.

§62-891.18. Local government entity to obtain a determination letter – Positive net benefit rate – Withholding taxes.

A. As used in this section:

1. "Estimated direct state benefits" means the tax revenues projected by the Oklahoma Department of Commerce to accrue to the state as a result of new direct jobs and capital spending associated with one or more for-profit business entities, federal government defense entities and infrastructure development by one or more local government entities;
2. "Estimated indirect state benefits" means the indirect new tax revenues projected by the Department to accrue to the state including, but not limit to, revenue generated from ancillary support jobs directly related to the new direct jobs, capital spending and infrastructure spending;
3. "Estimated direct state costs" means the costs projected by the Department to accrue to the state as a result of new direct jobs. The costs shall include, but not be limited to:



- a. the costs of education for new state resident children,
 - b. the costs of public health, public safety and transportation services to be provided to new state residents,
 - c. the costs of other state services to be provided to new state residents, and d. the costs of other state services; and
- 4. "Estimated indirect state costs" means the costs projected by the Department to accrue to the state as a result on new indirect jobs. The costs shall include, but not be limited to, costs enumerated in subparagraphs a, b, c and d of paragraph 3 of this subsection.
- B. An eligible local government entity in partnership with one or more for-profit business entities and/or federal government defense entities that would otherwise qualify to receive or benefit from proceeds from the issuance of obligations by the Authority from the Public-Private Partner Development Pool shall be required to obtain a determination letter from the Department that the infrastructure development will result in a positive net benefit rate, to be computed by the Department using a methodology which provides for the analysis of estimated direct state benefits, estimated indirect state benefits, estimated direct state costs and estimated indirect state costs. The Department shall use such information as it determines to be relevant for the analysis required by this subsection including, but not limited to, the type of infrastructure development, the business activities in which the participating for-profit business entities are engaged or will be engaged, the amount of capital investment, type of assets acquired or utilized by the participating business entities, economic effect of the business activity within the relevant geographic region and any other factors as the Department deems relevant. The Department may use information regarding the infrastructure development alone or in conjunction with relevant information regarding other business activity in a geographically relevant area surrounding the infrastructure development or the location of the participating for-profit business entities in order to perform the computation of the net benefit rate. If the result of the analysis is a positive net benefit rate, the applying local government entity shall be allowed to capture withholding taxes associated with new jobs or with existing jobs associated with the participating for-profit business entities as otherwise provided by this act. The Department shall transmit a determination letter to the authorized representative of the local government entity and shall also transmit a copy of the determination letter to the Oklahoma Tax Commission and to the Oklahoma Development Finance Authority notwithstanding the positive or negative result of the net benefit rate. The Authority shall not allow a local government entity to use captured withholding tax revenues for purposes of any pooled financing otherwise authorized by this act unless the Department has previously transmitted a determination letter that reveals a positive net benefit rate for the Public-Private Partner Development Pool project.
- C. Any for-profit business entity that participates in the Public-Private Partner Development Pool may be required by the applicable local government entity to enter into such agreements as may be required between the entity, the local government entity, the Authority and the Oklahoma Tax Commission to provide for the segregation of withholding taxes.
- D. The amount of withholding taxes subject to the provisions of this section shall, together with other revenue sources or commitments and undertakings by the for-profit business entity or third parties, be sufficient to make payment of any required principal, interest, adequate reserves or other authorized costs for borrowing by the Authority.
- E. The Authority shall have the power of approval regarding the amount and duration of withholding tax segregation pursuant to the provisions of this section in order to ensure payment of its obligations and to promote the marketability of such obligations.
- F. The Authority shall obtain information from the participating for-profit business entities as may be required in order to determine the necessary amount of segregated withholding taxes attributable to new direct jobs or existing payroll.
- G. The Oklahoma Tax Commission shall determine with respect to the withholding taxes attributable to the income of employees engaged in new direct jobs or existing jobs for one or more for profit business entities participating in a pooled financing pursuant to the Oklahoma Community Economic Development Pooled Finance Act the amount of such withholding taxes



required to be deposited to the credit of the Community Economic Development Pooled Finance Revolving Fund.

H. The Oklahoma Tax Commission shall make a deposit in the Community Economic Development Pooled Finance Revolving Fund in accordance with any applicable agreement entered into with one or more eligible local government entities in conjunction with participating for-profit business entities participating in a pooled financing pursuant to the Oklahoma Community Economic Development Pooled Finance Act.

I. No for-profit business entity that participates from proceeds of obligations issued by the Authority from the Public-Private Partner Development Pool may receive or continue to receive incentive payments pursuant to the Economic Development Pool, the Oklahoma Quality Jobs Program Act or claim any investment tax credits otherwise authorized pursuant to Section 2357.4 of Title 68 of the Oklahoma Statutes during the period of time that any withholding taxes attributable to the payroll of such entity are being paid to the Community Economic Development Pooled Finance Revolving Fund or in any manner used for the payment of principal, interest or other costs associated with any obligations issued by the Authority pursuant to the provisions of the act.

Added by Laws 2019, c. 260, § 5, eff. Nov. 1, 2019.

§62-891.19. Corporate income tax exclusion for for-profit business entities.

For-profit business entities that participate in the Public-Private Partner Development Pool will not be subject to corporate income tax associated with the segregation and payment of withholding taxes to local government entities when such payment is made for the purpose of infrastructure development in the Public-Private Partner Development Pool.

Added by Laws 2019, c. 260, § 6, eff. Nov. 1, 2019.



Appendix B: IMPLAN Economic Impact Methodology

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

Overview

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. SAM accounts are a better measure of economic flow than traditional input-output accounts, because they include “non-market” transactions. Examples of these transactions include taxes and unemployment benefits.

Multiplier Models

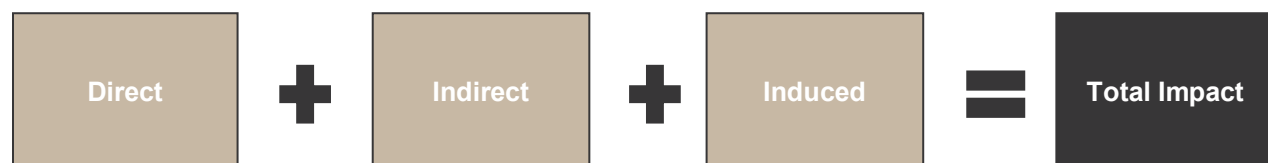
SAMs can be constructed to show the effects of a given change on the economy. These are called Multiplier Models. Multiplier Models study the impacts of a user-specified change in the chosen economy for 440 different industries. Because the Multiplier Models are built directly from the region-specific 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 within the economy: direct, indirect, and induced.

- **Direct effects** are one or more production changes or expenditures made by producers/consumers as a result of an activity or policy.
- **Indirect effects** are the business to business purchases in the supply chain taking place in the region that stem from the initial industry input purchases. Typically, they are additional purchases to produce additional output..

Induced effects are the changes in regional household spending patterns caused by changes in household income generated from the direct and indirect effects. The induced effects are generated by the spending of the employees within the business’ supply chain.

Table 2: The Flow of Economic Impacts



Each of these steps takes into consideration leakage from the economic study region spent on purchases outside of the defined area. Eventually, these leakages will stop the cycle.

Fiscal Impacts

The IMPLAN tax impact report identifies all tax revenue in the study area, across all levels of government that exist in that study area, for the specific industries and institutions affected by an event or group of



events. Tax Impact results are based on the collected and reported taxes within the region for the given data year. IMPLAN taxes shown (and collected) are industry and geographically specific.

The IMPLAN tax impact report splits the tax impacts into the various tax categories based on the region's economy. There is no industry-specific profile for taxes paid by tax category, so the distribution across tax categories is an all-industry average. While this is a limitation of the IMPLAN fiscal reporting, the IMPLAN tax report serves as an appropriate measure of jurisdictional tax results in the aggregate. Tax results cannot be added to any summary or detailed results, as they are already included as a portion of Output. State taxes do not include taxes or district assessments levied by federal, county, sub-county, city or township governments.

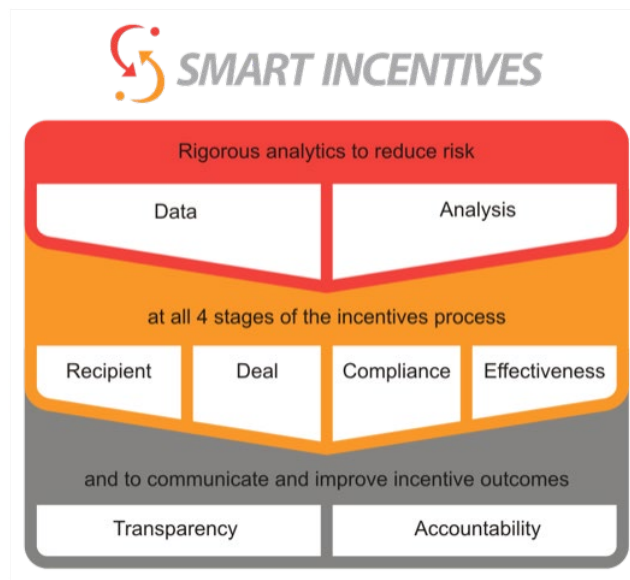
Taxes paid include payments from businesses and households. Personal income and employment taxes paid by the employer are included in the tax results and allocated according to the taxing jurisdiction. In detailed IMPLAN analyses, all payroll taxes typically paid at the place of employment are shown as household payments. Property tax and personal property tax reflects a combination of property and personal property taxes paid by both businesses and households.



Appendix C: Business Incentives Best Practices

There has been extensive writing around what constitute business incentives best practices. From the project team's review of many sources,¹⁵ it has identified 10 important best practices and sought to incorporate them into the analysis and discussion of this incentive.

As a starting point, business incentives should be viewed as a process, not an event. The award of an incentive and the incentive features are part of that process, and many of the identified best practices reflect that. The process itself should take into consideration each of these factors, which PFM's subcontractor, Smart Incentives, demonstrates in the following illustration:



While the project team believes this is a strong set of best practices, there may well be others that are as (or more applicable) in specific situations. It is also likely that some of the best practices will come into conflict in some situations. For example, application and reporting requirements may reduce the simplicity of business compliance. As a result, these will always be subject to analysis on a case-by-case basis.

The 10 best practices are:

1. **For maximum impact, incentives should be targeted.** Examples of useful targeting include companies or industries that export their goods or services out-of-state; high economic impact companies or industries – such as those with higher wages and benefits, significant job creation, or significant capital investment.

¹⁵ Three resources in particular were relied upon on putting together the list of best practices. They are "What Factors Influence the Effectiveness of Business Incentives?" The Pew Charitable Trusts, April 4, 2019, accessed electronically at <https://www.pewtrusts.org/en/research-and-analysis/issue-briefs/2019/04/what-factors-influence-the-effectiveness-of-business-incentives>; "Improving Economic Development Incentives," Timothy J. Bartik, W.E. Upjohn Institute for Employment Research, 2018, accessed electronically at https://research.upjohn.org/cgi/viewcontent.cgi?article=1000&context=up_policybriefs; "Best Practices for the Design and Evaluation of State Tax Incentives Programs for Economic Development," Matthew N. Murray and Donald J. Bruce, January 2017, included within another evaluation at https://media.al.com/news_mobile_impact/other/AL%20ENTERTAIN%20NEWMKTS%203%209%2017.pdf



2. **Incentives should be discretionary.** In most instances, an application process enables the state government to require company disclosure of information related to eligibility criteria and enables the state to reject applications that do not meet its standards.
3. **Incentives should leverage significant private capital.** Ideally, the incentive should leverage private investment that is at least several multiples of the state investment.
4. **Incentives should provide most of the benefit within 1-3 years and have a limited duration.** Company discount rates are much higher than for the state, and businesses will significantly devalue incentive payments in later years.
5. **Incentives should take into consideration state and/or local as well as industry economic conditions.** Incentives that are provided in high performing areas or for stable and profitable businesses or industries will likely fail the ‘but for test’ – meaning the activity would likely occur without the state incentive.
6. **‘Smart’ incentives help businesses overcome practical barriers to growth.** In particular, customized assistance for locally owned, small and medium-sized businesses can have significant impact.
7. **Incentives should be transparent.** The incentive purpose should be clearly articulated, as are eligibility requirements, and regular, detailed reporting should be required from all program recipients.
8. **Incentives should require accountability.** When upfront financial incentives are offered in return for job creation, retention, or capital investment, there should be contract language in place that allows the state to ‘claw back’ state resources should the company not meet performance requirements.
9. **Incentives should have caps.** To ensure the state’s financial health, program dollar caps or limits should be in place. Incentive programs should also have a limited duration, with sunsets in place to require regular review of incentive performance.
10. **Incentives should be simple and understandable.** The state should be able to easily and effectively administer the incentive, and users should be able to readily comply with its requirements.