



State of Oklahoma

Incentive Evaluation Commission

Quick Action Closing Fund Evaluation

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Contents

Key Findings and Recommendations	4
Introduction	7
Incentive Usage and Administration.....	10
Economic and Fiscal Impact	15
Goals, Strategy, and Competitive Considerations.....	20
Incentive Benchmarking.....	22
Appendices	26





Key Findings and Recommendations



Incentive Overview

The Quick Action Closing Fund (QACF or Fund) was established in 2011 to attract high-impact businesses to Oklahoma when award funds are likely to be the deciding factor in a business's location decision. Administered by the Oklahoma Department of Commerce (Commerce) and subject to final approval by the Governor, the Fund operates on a fully discretionary, case-by-case basis, with no fixed statutory minimum for job creation or capital investment. Instead, the Department of Commerce evaluates each project's anticipated new and retained jobs, wages, capital investment, and likelihood of generating related business activity before an award is recommended.

Recommendation: Retain the program with modifications

Key Findings:

- **The Quick Action Closing Fund's unreserved balance has increased to \$32.3 million since the previous program evaluation in 2022.** At the end of FY 2022, the unreserved fund balance available for new awards was \$18.6 million. Legislative appropriations are the largest driver of the increase to the fund balance.
- **As of June 2026, a total of \$37.4 million in funding has been paid to award recipients and an additional \$14.0 million in funding is encumbered.** Encumbered funds are due to five program recipients over the next several years as they meet their performance thresholds.
- **Since 2021, QACF award recipients have retained more than 1,000 jobs and created roughly 1,150 new jobs.** The average wage associated with newly created and retained jobs under QACF was \$79,990 in 2025, significantly higher than the average wage statewide.
- **Since 2021, award recipients under QACF have made roughly \$1,451.4 million in capital investments and received \$22.9 million in award funds.** The average capital investment and award amount are \$103.7 million and \$1.4 million respectively, however award amounts range from \$225,000 to \$2.8 million, highlighting the program's ability to tailor awards to the scale of recipient investments.
- **For every \$1 in award funding provided, the State receives \$2.45 in tax revenue as a result of job creation and capital investment.** This implies a breakeven point of 40.8 percent. If only 40.8 percent of program activity occurred as a direct result of the Fund's availability, the program pays for itself.
- **The program is subject to cost control measures, as it remains dependent on legislative appropriations for the majority of funding.** These appropriations limit the amount that can be spent by the fund. In addition, all award recipient must have a detailed analysis performed by the Department of Commerce prior to entering under a fund contract. This analysis must demonstrate that awards are, at minimum, revenue neutral or generate a net benefit to the State. Additionally, the majority of award funding is provided once recipients achieve agreed upon performance thresholds, adding another layer of cost control to the program.
- **Of the peer states identified that operate closing funds, Oklahoma publishes the least data on award recipients.** Of the nine performance and award-related metrics identified, Oklahoma only publishes data on one, award amount.



- **Oklahoma's Quick Action Closing Fund is competitively funded relative to peer programs.** Its \$20 million appropriation matches New Mexico's closing fund and exceeds those of Arkansas and North Carolina; only Texas's Enterprise Fund is larger, and that figure reflects a two-year biennial appropriation.

Recommendations:

- **Require additional reporting on awards.** Currently, Oklahoma provides information on award recipient, amount, year of award, and a brief description of how the award is used. This is significantly less public reporting than peer state programs provide and keeps the program opaque. As the program is discretionary, transparency in how the program is used and the projects it supports is essential for building and maintaining public trust. Based on the information provided by peer states, Oklahoma should consider providing the following metrics for each award:
 - Expected Capital Investment
 - Expected Job Creation
 - Expected Average Wage
 - Award Amount Paid
 - Actual Capital Investment
 - Actual Job Creation
 - Actual Average Wage
- **Enhance data collection process so that more data is available for incentive evaluation.** Currently, Oklahoma only provides data for the incentive evaluation process on award amount, capital investment amount, and job creation. In addition to the identified metrics Oklahoma should provide publicly, the State should provide a more detailed breakdown on capital investment, including spending on machinery, construction, and land, and a breakdown of average wage for both jobs retained and jobs created. This additional data will enable a more robust and detailed fiscal and economic impact analysis and discussion of funding recipient performance.



Introduction



Oklahoma Incentive Evaluation Commission Overview

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

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

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

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

In 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 take effect on January 1, 2027. The PFM project team has, to the extent possible, taken them into consideration during the 2026 evaluation process. They will be fully addressed during the 2027 incentive evaluation process.

¹ The statute defines a business incentive as "a tax credit, tax exemption, tax deduction, tax expenditure, rebate, grant, or loan that is intended to encourage businesses to locate, expand, invest, or remain in Oklahoma, or to hire or retain employees in Oklahoma."

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



Summary of 2022 Evaluation Findings and Recommendations

Evaluation Category	Significant Finding(s)
Overall Findings	Funding for the program increased significantly, driven by legislative appropriations, with a corresponding increase in the number of awards made.
Fiscal and Economic Impact	The program was found to be a net benefit to the State.
Future Fiscal Impact Protections	Program contracts are generally structured such that payment is not issued until performance thresholds are met. This feature, in addition to clawback provisions, help the State control costs.
Administrative Effectiveness	Program administration was found to be effective. The Department of Commerce conducts a thorough evaluation of each potential project's qualifications and benefits to the state before sending to the Governor for final approval.
Achievement of Goals	The program funded projects expected to create 6,752 jobs and capital investment of \$1,154.6 million.
Retain, Reconfigure or Repeal	Based on its analysis of available data, the project team recommended in 2022 that the program be retained.
Other Recommendations	Provide more robust reporting on awards, including expected and actual capital investment, job creation, and wages, in addition to an explanation of why each awarded project was considered high-impact.

Based on PFM's analysis and consideration of other factors, the Commission voted 5-0 to approve PFM's recommendation to retain the incentive. There have been no statutory changes to the program since the previous evaluation.

2026 Criteria for Evaluation

The provisions of HB 2182 require that criteria specific to each incentive be used for the evaluation. 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.

To assist in a determination of program effectiveness, the Incentive Evaluation Commission has adopted the following criteria:

- History of use of the program
- Layering of the program with other incentives
- Total investment per project
- Actual vs. projected jobs, payroll, investment
- Comparison of job and payroll growth with/without use of this incentive
- State return on investment



Incentive Usage and Administration



Program Administration

The Department of Commerce (Department) is responsible for administering the Quick Action Closing Fund (QACF or Fund). Funding is granted at the sole discretion of the Governor.

Application Process

An organization's involvement with the QACF generally begins through conversations with Department staff. Unlike many other state incentives, the QACF is not broadly advertised or promoted to businesses. Instead, it is introduced once the Department has developed a thorough understanding of a prospective project and its potential impact on the State. In the early stages, the Department works to gather relevant information about the project, including the firm's specific needs, and obstacles to establishing a presence in the State, before determining whether the QACF is appropriate.

If the Department concludes that a project may be a good fit, it may provide the firm with an application to formally initiate the award process. The application gives the Department a comprehensive picture of the project and allows it to assess whether the investment is likely to generate a net economic benefit for the State. Applicants provide general information, including the company background, industry sector, and project location, projected Oklahoma job creation or retention, average wages, total capital investment, and any required infrastructure investments. Beyond the project itself, the Department also weighs factors such as the probability of attracting additional business activity, the broader effect on the local economy, and the financial commitment from local government.

Eligibility

Eligible firms must operate within industries classified by the North American Industry Classification System (NAICS) as 'basic' industries that qualify for either the Quality Jobs or 21st Century Quality Jobs programs.³ Any new positions created through a qualifying project must offer an average wage at or above the prevailing average wage of the county where the project is located.

Projects deemed by the Department to produce a positive net economic benefit to the State are forwarded to the Governor for Fund award consideration. A project may satisfy the economic benefit analysis through the creation of new jobs, the preservation of existing jobs that would otherwise be at risk, new capital investment, or net new revenues to the State.⁴ To evaluate the economic benefit of a proposed project, the Department performs an analysis examining these factors, in addition to the overall impact to the regional economy and any additional business activity that could result from the investment.

Award Process

The Governor's approval is required for each award. Once approved, the Department compiles the agreement with the firm and establishes conditions required to be met for the payment of funds.

Agreements include:

- The total amount of funding.
- Performance conditions required for funding dispersal, including net new employment in the state, average salary, and total capital investment.
- Methodology for validating performance.
- Schedule of QACF payments to the firm.
- Clawback provisions if performance conditions are not met.

³ See Appendix B for a full list of eligible industries.

⁴ 62 O.S. § 48.2.



- For capital improvements, a requirement that if the improvement is sold, the recipient of the award will repay it with interest and share any profit with the State.

Since the prior evaluation cycle, the Department noted that it has had to enforce clawback provisions associated with awards in instances where deals do not go through as anticipated or performance thresholds are not met. Clawback enforcement has only been required in instances where award funds were paid upfront and the receiving firm ended up not proceeding with the planned investment or project.

Fund Administration

The QACF draws from three primary funding sources. By statute, the fund consists of legislative appropriations, interest earned on invested fund balances, and, since 2019, five percent of all Quality Jobs Program and 21st Century Quality Jobs rebate payments made by the Tax Commission to participating firms.⁵ Prior to 2019, the QACF received only sporadic legislative funding. The dedicated share of payments from the Quality Jobs programs provides a consistent, albeit small, supplemental stream of funding for the QACF.

Through March 2026, QACF received funding of nearly \$83.7 million, \$74.3 million (or roughly 89 percent) from legislative appropriations.⁶ The fund is structured as a revolving fund in the State Treasury, administered by the Department, and any remaining fund balance carries over into the following fiscal year.

Up to 20 percent of the QACF funding is set aside annually for projects located in communities with a population of 50,000 or less. Additionally, QACF can be used for rebate payments to high-impact productions pursuant to the Oklahoma Film Enhancement Rebate Program.⁷ Eligible productions must have total expenditures exceeding \$50 million, with at least one third of costs incurred in Oklahoma. This provision was renewed by Senate Bill 1877, c. 445 §146, effective January 1, 2027.⁸

Administrative Challenges

The QACF authorizing statute identifies criteria to evaluate potential projects. Statute dictates that QACF may be used in instances where an award would 'likely be a determining factor in locating a high-impact business project or facility in Oklahoma.' However, 'determining factor' and 'high-impact' are not defined in statute. This lack of explicit definition gives the Department latitude in administering the program; instead of constraining awardees with a fixed number of jobs or capital investment threshold to meet, the Department focuses on the impact a project can have at the individual project level through data gathering and a net-benefit evaluation. As a result, projects associated with the QACF have varied dramatically in size of investment and job creation, and the QACF has tailored award contracts to meet the project scale.

Program Use

Since 2021, an estimated \$22.9 million has been paid through the QACF to 16 different projects. Awards has varied in size, from just over \$0.2 million to \$2.8 million. Payments have been associated with a projected 3,662 new jobs across seven industries. Detail on projected capital investment and job creation by industry is presented in Table 2.

⁵ 62 O.S. § 48.2 (OSCN 2026)

⁶ Oklahoma Department of Commerce – Research and Economic Analysis, Quick Action Closing Fund Incentive Report. Published June 10, 2026. Accessed electronically at <https://www.okcommerce.gov/wp-content/uploads/Quick-Action-Closing-Fund-Report-2026.pdf>.

⁷ Oklahoma Administrative Rules, Title 150, Chapter 140

⁸ 62 O.S. § 48.2

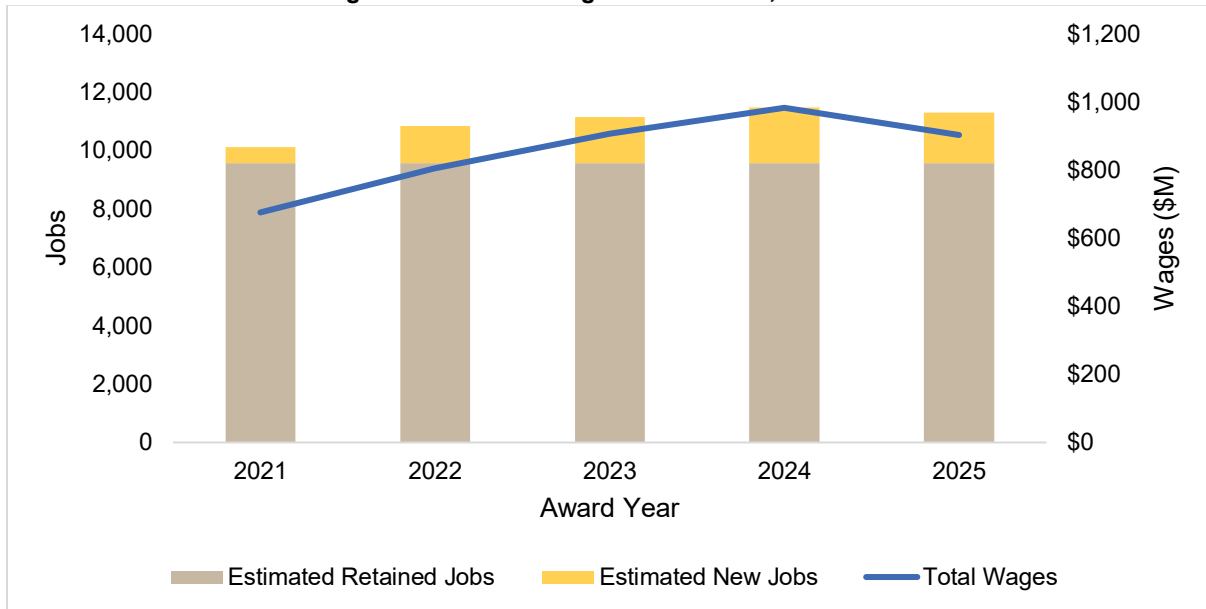


Table 1: QACF Awards by Industry, 2021-2025

Industry	Projected Capex (\$M)	Projected Jobs	Award Amount (\$M)
Manufacturing	\$220.3	245	\$4.4
Automotive	\$366.7	577	\$2.0
Renewable Energy	\$780.0	367	\$4.0
Information & Financial Services	\$25.0	1,806	\$2.0
Agribusiness	\$27.0	300	\$5.3
Aerospace & Defense	\$29.6	354	\$4.4
Film	\$2.9	13	\$0.8
Total	\$1,451.4	3,662	\$22.9

Assuming 9,581 existing jobs based on count at the time of various QACF application dates, QACF has been associated with a projected increase of 1,913 new jobs since 2021. Existing and projected new jobs associated with QACF awards pay significantly more than the \$53,450 statewide average annual wage.⁹ By comparison, jobs associated with QACF paid an average of \$77,597 between 2021 and 2025, peaking in 2024 at \$85,573. This amounts to roughly \$4.3 billion in total wages between 2021 and 2025, or an average of \$855.5 million in annual wages. Figure 1 demonstrates new jobs, retained jobs, and total wages associated with QACF across this period.

Figure 1: Jobs and Wages under QACF, 2021-2025



Source: Department of Commerce, PFM

⁹ Bureau of Labor Statistics, May 2023 State Occupational Employment and Wage Estimates.



Incentive Best Practices

The PFM Project Team has established a set of best practices that can apply broadly to incentive program designs.¹⁰ 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 departments. A program can then be judged to either fully adopt, partly adopt, or not adopt a given practice.

The Quick Action Closing Fund partially aligns with identified incentive best practices. Funding associated with the program is discretionary, leverages significant private capital, requires recipient accountability through its pay-for-performance structure, and considers state and local conditions in its award funding. Additionally, while there is no cap on the value of awards per award, the program is capped by the aggregate amount of funding provided to it. This limits the exposure to high program costs, as any increase in funding beyond the share from Quality Jobs would require legislative action. Conversely, the program is not targeted to specific companies or industries, it does not have a sunset date, and the program is difficult to understand due, in part, to the case-by-case approach employed in evaluating projects and structuring awards. The program aligns with other best practices, including its limited duration, its design of only being available when award funds are likely to be a deciding factor in a firm's investment or location decision, and its transparency, in that, for most awards under the QACF, performance thresholds must be met prior to funding dispersal.

Figure 2: Incentive Best Practice Alignment

Best Practice	QACF
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	○

Legend: dark circle = full adoption, shaded circle = partial adoption, blank circle = limited adoption

¹⁰ Details on the best practices and their establishment can be found in the Appendices.



Economic and Fiscal Impact



Impact Overview

The economic impact analysis evaluates returns based on awards actually paid out, along with the jobs and investment those awards produced under the program's identified performance thresholds for each recipient firm. Award amounts are structured such that, once performance thresholds are met and award funds are dispersed, the benefit of the activity exceeds the value of the awards.

That being said, the Quick Action Closing Fund is rarely the sole cause of a company's location or investment decision, and therefore the economic and fiscal benefits should be discounted accordingly.

The fiscal return on investment is calculated by taking a ratio of the state tax revenues generated by the economic activity associated with the awards compared with the amount of awards paid. Economic activity and state tax revenues are further discounted to identify the percentage level of economic impacts and revenue where the program will break even. This recognizes the fact that the Quick Action Closing Fund is likely not the sole cause of the resulting investment and job creation activity driving the economic and fiscal impacts, therefore these impacts cannot be entirely attributed to the program. Other incentive programs, human capital, and business factors are relied upon in conjunction with the Quick Action Closing fund, and those factors may also have a causal effect resulting in some portion of the economic and fiscal impacts identified.

Economic Activity from Program Participants

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.

Additional information on the IMPLAN model and methodology are provided in Appendix C.

Program participants generate economic activity in two categories: the one-time activity associated with capital investment, and the ongoing economic impacts associated with job and wage creation.

Economic Impact of New Jobs and Associated Payroll

Since 2021, firms receiving and under contract to receive QACF funding have created and sustained 1,723 new jobs, with an average wage in 2025 of \$79,990. Detailed industry breakdowns by job were not provided, therefore jobs were modeled as increased household income as opposed to industry employment. This modeling approach pushes the impacts from direct and indirect to induced, reflect only the impact associated with household spending activity. Additionally, the job creation from 2021 through 2025 stems from the same award recipient pool, therefore jobs created across this period are not additive.

Table 2: Economic Impact of Job Creation

Fiscal Year	Job Creation	Wages	Economic Output	State Tax Revenue
2021	538	\$35,947,546	\$36,996,530	\$1,048,719
2022	1,278	\$94,808,430	\$93,202,582	\$2,567,364
2023	1,572	\$127,992,240	\$125,824,330	\$3,465,965



Fiscal Year	Job Creation	Wages	Economic Output	State Tax Revenue
2024	1,913	\$163,701,149	\$160,928,408	\$4,432,944
2025	1,723	\$137,822,770	\$135,488,353	\$3,732,170
Total		\$560,272,135	\$552,440,204	\$15,247,161

Economic Impact of One-Time Capital Investment

In addition to the ongoing economic impacts associated with new jobs and wages, there is significant one-time capital investment activity associated with program participants. Table 3 details the total economic impact of projected annual capital investment activity during the 2021-2025 period.

Table 3: Economic Impact of Capital Investment Activity

Year	Employment	Labor Income	Value Added	Output	State Tax Revenue
2021	237	\$17,171,860	\$26,014,480	\$57,298,548	\$920,906
2022	330	\$23,924,687	\$36,244,664	\$79,831,180	\$1,283,052
2023	1,042	\$75,480,703	\$114,349,363	\$251,861,750	\$4,047,939
2024	8,384	\$607,619,657	\$920,512,376	\$2,027,487,086	\$32,585,908
2025	515	\$37,309,033	\$56,521,257	\$124,491,665	\$2,000,838
Total	10,508	\$761,505,939	\$1,153,642,141	\$2,540,970,228	\$40,838,643

Economic and Fiscal Impact Breakeven

The Quick Action Closing Fund program paid \$22.9 million in awards from 2021-2025. Economic activity associated with companies participating in the program generated \$3,093.4 million in economic impacts, resulting in \$15.2 million in state tax revenue from employment and payroll activity and \$40.8 million in state tax revenue from investment activity. For each \$1.00 spent in award funds, new state tax revenues generated by participating companies reached \$2.45.

The fiscal breakeven point for this program is 40.8 percent. If only 40.8 percent of the economic activity associated with the QACF from 2021-2025 was directly attributable to the award's availability to program participants, the program fully pays for itself.

Effect on Business Behavior

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

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

The extent to which an incentive changes an individual business's behavior has been widely debated. Since incentives are just one factor among many influencing any given business decision, incentives



rarely, if ever, are 100 percent responsible for a given investment. At the same time, it is unlikely that an incentive had absolutely no impact at all.

Based on a review of 30 different studies, Timothy J. Bartik of the W.E. Upjohn Institute estimated incentives probably affect between 2 percent and 25 percent of incented firms making business location, expansion, or job retention decisions.¹¹ However, a discretionary incentive that includes a robust application and review process and requires regular reporting on milestone achievement is likely to affect behavior differently than a statutory tax break with few accountability mechanisms. Incentive programs with these design features may have a greater effect on investment decisions.¹² While it is difficult to quantify the impact of an incentive to an individual firm's decision making, evidence does suggest that certain factors do influence both business choice and incentive effectiveness. Nevertheless, Bartik concluded, "Overall, the research literature on incentives' 'but for' effects is not as rigorous as one might hope."¹³

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

- **Features of the incentive offer.** The relative size of the incentive benefit affects its impact^{14,15} as do the incentive type and structure, leverage generated, timing of the application, and whether a firm is a first-time or repeat incentive recipient.^{16,17}
- **Firm attributes.** Cost-sensitive or efficiency-seeking operations (such as manufacturing, call centers, and distribution centers) and foreign investors have also been found to be more likely to be influenced by the availability of incentives, as are companies for whom the incentive meets a specified need, such as project financing or support services.¹⁸
- **Details obtained in the application process or built into project eligibility requirements** that indicate need for or value of the incentive to the individual business.
- **Consideration of multiple investment locations.** Companies that have credibly considered multiple locations that are able to meet their operational needs or have functions that are mobile (that is, they do not need to locate in a specific place in order to meet their operational needs) are more likely to value state and local incentives in their decision process.^{19,20,21}

¹¹ Bartik, Timothy J. "But For' Percentages for Economic Development Incentives: What percentage estimates are plausible based on the research literature?" W.E. Upjohn Institute for Employment Research. 2018.

¹² "Michigan Business Development Program Effectiveness Study." W.E. Upjohn Institute and Center for Regional and Economic Competitiveness. January 2019.

¹³ Bartik, 2018.

¹⁴ James, 2013.

¹⁵ Bartik, Timothy J. "Who Benefits from Economic Development Incentives? How Incentive Effects on Local Incomes and the Income Distribution Vary with Different Assumptions about Incentive Policy and the Local Economy." W.E. Upjohn Institute Technical Report No. 18-034. 2018.

¹⁶ Foley, 1992.

¹⁷ Lenihan, et al. "Developing an Evaluative Framework for Industrial Policy in Ireland: Fulfilling the Audit Trail or an Aid to Policy Development." Quarterly Economic Commentary. 2005.

¹⁸ Tavares-Lehmann, 2016.

¹⁹ James, Sebastian. "Tax and Non-Tax Incentives and Investments: Evidence and Policy Implications." Investment Climate Advisory Services of the World Bank Group. 2013.

²⁰ Jensen, Nathan M. "Exit Options in Firm-Government Negotiations: An Evaluation of the Texas Chapter 313 Program." Washington Center for Equitable Growth Working Paper series. 2017.

²¹ Tavares-Lehmann, et al. "Rethinking Investment Incentives: Trends and Policy Options." 2016.



- **Changes in desired outcomes documented by compliance and evaluation procedures.**

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

While the precise degree to which the Quick Action Closing Fund impacts a firm's location or expansion decision cannot be definitively established, the Fund's design aligns closely with the factors most likely to indicate that an incentive influenced business behavior. As a discretionary incentive granted at the Governor's sole discretion, the QACF provides direct capital at the point where a project is being decided. This design, particularly concerning the size, structure, and timing of awards, aligns with research indicating a greater effect on investment decisions. The application process is initiated only after the Department develops a thorough understanding of a project and firm's specific needs and obstacles to locating in the State, requiring detailed information that signal the incentive's value to an individual recipient.

Because the Fund is deployed to help close projects for which companies are actively weighing multiple potential locations, it speaks directly to the consideration of multiple locations factor. Fund availability for such firms are influential, and award agreements further establish milestone conditions and reporting requirements that document changes in desired outcomes. Taken together, while the evaluation cannot isolate the Fund's exact causal contribution to any single decision, these design features demonstrate that the QACF is an important factor in firms' location and expansion decisions in Oklahoma.



Goals, Strategy, and Competitive Considerations



The Quick Action Closing Fund is well-aligned with Oklahoma's Strategic Plan for Economic and Community Development, which establishes a vision of making Oklahoma a top 10 state for business through targeted business recruitment, private investment attraction, wage growth, and the development of key industries. The strategic plan identifies seven priority industry sectors: Energy, Aerospace and Defense, Agriculture and Food Production, Information Technology, Healthcare and Bioscience, Manufacturing, and Transportation and Distribution.

The Plan further sets explicit goals around directing 20–30 percent of new private sector jobs through state incentives and supporting wage increases that outpace inflation. The QACF has demonstrated meaningful alignment with these objectives. Between 2021 and 2025, the Fund supported 16 projects spanning several of the identified priority industry sectors, including Energy, Aerospace and Defense, Manufacturing, Information Technology, and Agriculture. Moreover, new and retained jobs associated with QACF paid an average annual wage of \$77,597, roughly 45% above the statewide average of \$53,450, directly advancing the strategic plan's goal of increasing high-wage employment across Oklahoma's economy.

The QACF also advances several of the strategic plan's core pillars. The plan identifies "Regional Industry Targeting" and "Sustainable Project Wins" as central to the Department of Commerce's EDGE division, calling for proactive, data-driven business recruitment that results in jobs and capital investment across all regions of Oklahoma. QACF's design as a discretionary, case-by-case tool limited to circumstances where an award would likely be a determining factor in a location decision provides the state a competitive edge in business attraction. Additionally, the Fund's 20 percent set-aside for communities with populations of 50,000 or less reflects the State's commitment to both urban and rural economic development.

As required by SB 1990, an assessment of whether the QACF creates a competitive advantage for Oklahoma at the macroeconomic level is now part of the evaluation framework. At this level, the Fund functions as a deal-closing mechanism, allowing Oklahoma to compete directly against peer and neighboring states, including Texas, Kansas, Missouri, and Arkansas, for high-impact business investment that might otherwise locate elsewhere. Additionally, the Fund can be tailored to project-specific needs, making it a responsive tool for the State. The Fund's pay-for-performance structure and clawback provisions further ensure that the macroeconomic benefits of award funding accrue to the state only upon verified delivery of promised economic activity, protecting taxpayers while reinforcing Oklahoma's competitive positioning.

While these are all important factors related to competitive advantage (or at least being competitive), the projects supported by the QACF, while important, are unlikely to materially impact the Oklahoma economy at a macroeconomic level. According to the Bureau of Labor Statistics, the Oklahoma economy, measured in GDP, was \$216 billion in 2025. Even attributing all of the economic impact of the awarded projects to the QACF (which is an overstatement of impact), the economic activity would contribute \$2.5 billion to the state economy – a little more than 1 percent.



Incentive Benchmarking



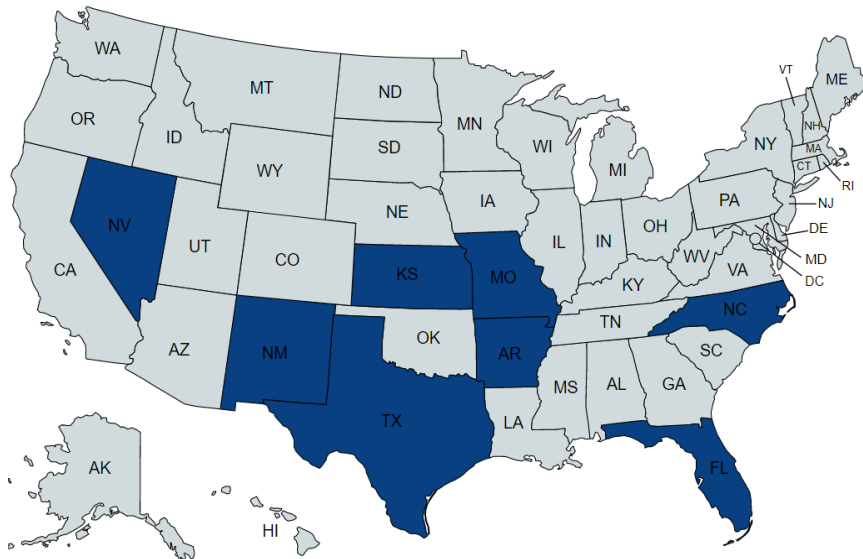
Benchmarking

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.²² 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.

For this incentive program, the selected comparison group includes five neighboring states (Arkansas, Kansas, Missouri, New Mexico, and Texas) as well as North Carolina. These programs are differentiated by three key characteristics: program requirements, public reporting of award information, and program funding.

Figure 1: Selected Comparison Group



Job Creation, Wage, and Benefits Requirements

Specific job creation thresholds are uncommon among the comparison group, with only two states, Texas and Missouri, setting explicit minimums: Texas requires 25 or 75 jobs, depending on project location, while Missouri requires 10 jobs to be created. Most states instead maintain broad flexibility, authorizing awards for projects that demonstrate substantial economic impact through a combination of job creation, capital investment, and competitive urgency, without tying eligibility to a specific job creation threshold.

²² The primary instances of exactly alike state incentive programs occur when states choose to ‘piggyback’ onto federal programs.



Wage requirements are a more common eligibility threshold than job count across the comparison group. Five states, Oklahoma, Texas, Missouri, Kansas, and North Carolina, all require newly created jobs to meet or exceed a specified wage threshold, with the most common standard being the county average wage. Employer-sponsored health insurance requirements, while less common, are an eligibility feature of other peer programs. Oklahoma, Missouri, and North Carolina all require newly created jobs under their programs offer a basic health benefit plan in which the employer contributes at least 50 percent of the premium.

Reporting

Deal-closing funds, given their discretionary nature, place greater emphasis on strong transparency and reporting requirements to ensure public accountability for funding decisions. Oklahoma's QACF, like many of its peer programs, has several design features that limit the Governor's latitude, including a thorough economic impact analysis performed by the Department of Commerce to validate economic impact and revenue neutrality. Oklahoma's QACF also requires that the Governor consult with leaders of the State Senate and House of Representatives prior to award approval. Despite the thoroughness of Commerce's review and evaluation of projects, Oklahoma provides less publicly available data on approved awards than many of the comparison programs. While statute requires that Commerce publicly disclose all fund payments and a description of how award dollars were spent, proprietary business information is exempt from disclosure, limiting the scope of what is made available to the public. In addition to providing data at the aggregate level, the Department of Commerce provides award-level information including date of award, company name, a brief project description, and the award amount.

Apart from Arkansas, all the other states in the comparison group report more detailed information on approved closing fund awards. Only Arkansas and Oklahoma only report the award amount, while the other states report awardee capital investment, expected and actual job creation, award amount paid, and average payroll to varying degrees at the award recipient level. Capital investment and expected job creation are the two most frequently reported metrics outside of award amount for the comparison group.

Table 4: Publicly Reported Information for Comparable Programs

	Award Amount	Capital Investment	Expected Job Creation	Award Amount Paid	Actual Job Creation	Average Wage/Payroll	Total
Florida	✓	✓	✓	✓	✓	✓	6
North Carolina	✓	✓	✓	✓	✓	✓	6
Kansas	✓	✓	✓	✓	✓		5
Nevada	✓	✓	✓			✓	4
Texas	✓	✓	✓	✓			4
Missouri	✓	✓	✓				3
New Mexico	✓	✓	✓				3
Arkansas	✓						1
Oklahoma	✓						1
Total	9 of 9	7 of 9	7 of 9	4 of 9	3 of 9	3 of 9	

Funding Amount

Deal-closing funds vary in funding amount significantly across states that offer them. At \$20 million in legislative appropriations in FY2025, Oklahoma's Quick Action Closing Fund appropriation falls in the middle to upper-end of the comparison group. It matches New Mexico's Local Economic Development Act funding (\$20 million) and exceeds both Arkansas's Quick Action Closing Fund (\$17.9 million expended in FY2023) and North Carolina's One North Carolina Fund (\$9 million in recurring annual appropriations). Only Texas provides materially more, at \$83.7 million, though that figure reflects a biennial appropriation covering two fiscal years, equating to roughly \$41.9 million on an annualized basis. Oklahoma's funding



level is therefore competitive with peer deal-closing programs, trailing only Texas among the states reviewed.

Table 5: Funding and Appropriations for Comparable Programs

State	Program Name	Annual Funding Provided	Year	Note
North Carolina	One North Carolina Fund	\$9,000,000.00	FY2024	Recurring annual appropriation
Texas	Texas Enterprise Fund	\$83,706,874.00	FY2022-23	Biennial appropriation
New Mexico	Local Economic Development Act	\$20,000,000.00	FY2025	Committed across 7 projects
Arkansas	Quick Action Closing Fund	\$17,910,341.14	FY2023	Total expended
Oklahoma	Quick Action Closing Fund	\$20,000,000.00	FY2025	FY2025 appropriation



Appendices



Appendix A: Incentive Statute

62 O.S. § 48.2

Version 1 (as amended by Laws 2019, SB 840, c. 262, § 1, emerg. eff. July 1, 2019)

A. There is hereby created in the State Treasury a revolving fund for the Oklahoma Department of Commerce to be designated the Oklahoma Quick Action Closing Fund. The fund shall be a continuing fund, not subject to fiscal year limitations and shall consist of:

1. All monies apportioned or allocated to the fund pursuant to law;
2. Any amounts appropriated by the Legislature to the fund;
3. Interest earned on the investment of money in the fund;
4. Gifts, grants, and other donations received for the fund; and
5. Five percent (5%) of all funds paid by the Tax Commission to establishments that execute contracts for payment of incentives pursuant to the Oklahoma Quality Jobs Program Act and the 21st Century Quality Jobs Incentive Act if the contract is executed on or after August 2, 2018.

B. All monies accruing to the credit of the fund are hereby appropriated and may be budgeted and expended by the Governor for the purposes of economic development and related infrastructure development in instances in which expenditure of such funds would likely be a determining factor in locating a high-impact business project or facility in Oklahoma or in retaining such project or facility within the state. Expenditures from the 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.

C. In order to qualify for any funds from the Oklahoma Quick Action Closing Fund, the establishment making application shall:

1. Be engaged in a business activity described by a North American Industry Classification System (NAICS) Code used to define eligibility for incentive payments from the Oklahoma Quality Jobs Program Act as defined in Section 3603 of Title 68 of the Oklahoma Statutes or a business activity described by Section 3603 of Title 68 of the Oklahoma Statutes or be engaged in a "basic industry" used to define eligibility for incentive payments from the 21st Century Quality Jobs Incentive Act as prescribed by Section 3913 of Title 68 of the Oklahoma Statutes; and
2. Be required to pay new jobs for which an application is being made an average annualized wage which exceeds the average county wage as that percentage is determined by the Department of Commerce based upon the most recent U.S. Department of Commerce data for the county in which the new jobs are located. For purposes of this paragraph, health care premiums paid by the applicant for individuals in new jobs shall not be included in the annualized wage.

D. The Governor shall not approve payments from the Oklahoma Quick Action Closing Fund unless the Department of Commerce has conducted a complete analysis of the potential impact of the applicant's business activity which shall include, but not be limited to:

1. The number of jobs to be created by a new business establishment;
2. The number of jobs to be retained by an existing business establishment;
3. The average salary of jobs to be created by a new establishment;
4. The average salary of jobs to be retained by an existing business establishment;
5. The total capital investment to be made by the business establishment;



6. The likelihood of other business establishments locating within the same vicinity or within the state as a result of the business activity to be conducted by the entity to receive payments from the Oklahoma Quick Action Closing Fund;

7. The impact on the economy of the area or community in which the business activity of the applicant is or will be conducted; and

8. Such other factors as the Governor and the Department of Commerce determine to be relevant.

E. The Oklahoma Department of Commerce shall administer the Oklahoma Quick Action Closing Fund, and expenditures from the fund shall be recommended by the Director of the Oklahoma Department of Commerce to the Governor after a thorough evaluation of selected projects or facilities. The Director of the Oklahoma Department of Commerce shall only recommend expenditures that the Director determines are expected to result in a net economic benefit to the state through the following:

1. The creation of new jobs which offer a basic health benefit plan, as defined in the Oklahoma Quality Jobs Program Act;

2. The maintenance of existing jobs which are at a risk for termination;

3. Investment in new real property, plant or equipment or in the improvement or retooling of existing plant or equipment; or

4. Additional revenues in either ad valorem, income or sales and use taxes.

F. The Oklahoma Department of Commerce shall develop rules for the process of reviewing proposed expenditures from the Oklahoma Quick Action Closing Fund and for the determination of whether or not proposed expenditures meet the criteria identified in subsection E of this section. Criteria shall include requirements for economic impact, local participation in the project, capital investment and average wage thresholds.

G. Upon receipt of an evaluation that recommends an expenditure from the Oklahoma Quick Action Closing Fund from the Director of the Oklahoma Department of Commerce, the Governor shall provide the evaluation and recommendation to the President Pro Tempore of the State Senate and the Speaker of the Oklahoma House of Representatives before giving final approval for the expenditure on the project. The Executive Office of the Governor shall recommend final approval of an expenditure on a project pursuant to consultation with the President Pro Tempore of the State Senate and the Speaker of the Oklahoma House of Representatives.

H. Upon approval by the Governor, the Oklahoma Department of Commerce shall enter into an agreement that sets forth the conditions for payment of monies from the Oklahoma Quick Action Closing Fund. The agreement must include:

1. The total amount of funds awarded;

2. The performance conditions that must be met to obtain the award, including, but not limited to, net new employment in the state, average salary, and total capital investment;

3. If appropriate, a baseline of current service and measure of enhanced capability;

4. The methodology of validating performance;

5. The schedule of payments from the fund, and claw-back provisions for failure to meet performance conditions; and

6. A requirement that no monies paid from the Oklahoma Quick Action Closing Fund shall be used by a recipient or any other person or entity for purposes of any political contribution to or on behalf of any candidate or for the support of or opposition to any measure including but not limited to an initiative petition or referendum.



I. The Department of Commerce shall make available on its website or other website dedicated for this purpose a complete disclosure of all payments made from the Oklahoma Quick Action Closing Fund. The disclosure shall include a description of the expenditures made by the business establishment with the payments made from the fund. No proprietary information of the business establishment shall be subject to the requirements of this subsection.

J. If any or all of the amount to be awarded is used to build a capital improvement:

1. The funds used for the capital improvement shall be deemed to be held in trust for the benefit of the state and shall be considered as a priority claim for purposes of federal bankruptcy law; and

2. If the capital improvement is sold, the recipient of the award shall:

a. repay the state the money awarded to pay for the capital improvement, with interest at the rate and according to the other terms provided by the agreement, and

b. share with the state a proportionate amount of any profit realized from the sale.

K. If, as of the date certain provided in the agreement, the award recipient has not used monies awarded for the intended purposes, the recipient shall repay that amount and any related interest to the state at the agreed rate and on the agreed terms and any such amounts shall be deemed to be held in trust for the benefit of the state and shall be considered as a priority claim for purposes of federal bankruptcy law.

L. The provisions of this act shall cease to have the force and effect of law on July 1, 2024.

Version 2 (as amended by Laws 2019, SB 200, c. 313, § 1, emerg. eff. July 1, 2019)

A. There is hereby created in the State Treasury a revolving fund for the Oklahoma Department of Commerce to be designated the Oklahoma Quick Action Closing Fund. The fund shall be a continuing fund, not subject to fiscal year limitations and shall consist of:

1. All monies apportioned or allocated to the fund pursuant to law;

2. Any amounts appropriated by the Legislature to the fund;

3. Interest earned on the investment of money in the fund;

4. Gifts, grants, and other donations received for the fund; and

5. Five percent (5%) of all funds paid by the Tax Commission to establishments that execute contracts for payment of incentives pursuant to the Oklahoma Quality Jobs Program Act and the 21st Century Quality Jobs Incentive Act if the contract is executed on or after the August 2, 2018.

B. All monies accruing to the credit of the fund are hereby appropriated and may be budgeted and expended by the Governor for the purposes of economic development and related infrastructure development in instances in which expenditure of such funds would likely be a determining factor in locating a high-impact business project or facility in Oklahoma, in retaining such project or facility within the state or for payment of rebates to a high impact production pursuant to the Oklahoma Film Enhancement Rebate Program. Expenditures from the 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.

C. In order to qualify for any funds from the Oklahoma Quick Action Closing Fund, the establishment making application shall be engaged in a business activity described by a North American Industry Classification System (NAICS) Code used to define eligibility for incentive payments from the Oklahoma Quality Jobs Program Act as defined in Section 3603 of Title 68 of the Oklahoma Statutes or a business activity described by Section 3603 of Title 68 of the Oklahoma Statutes or be engaged in a "basic industry" used to define eligibility for incentive payments from the 21st Century Quality Jobs Incentive Act as prescribed by Section 3913 of Title 68 of the Oklahoma Statutes or a high impact production company



which has been approved for a rebate pursuant to the provisions of Section 3624 of Title 68 of the Oklahoma Statutes.

D. Except in the case of a high impact production company which has been approved for a rebate pursuant to the provisions of Section 3624 of Title 68 of the Oklahoma Statutes, the Governor shall not approve payments from the Oklahoma Quick Action Closing Fund unless the Department of Commerce has conducted a complete analysis of the potential impact of the applicant's business activity which shall include, but not be limited to:

1. The number of jobs to be created by a new business establishment;
2. The number of jobs to be retained by an existing business establishment;
3. The average salary of jobs to be created by a new establishment;
4. The average salary of jobs to be retained by an existing business establishment;
5. The total capital investment to be made by the business establishment;
6. The likelihood of other business establishments locating within the same vicinity or within the state as a result of the business activity to be conducted by the entity to receive payments from the Oklahoma Quick Action Closing Fund;
7. The impact on the economy of the area or community in which the business activity of the applicant is or will be conducted; and
8. Such other factors as the Governor and the Department of Commerce determine to be relevant.

E. The Oklahoma Department of Commerce shall administer the Oklahoma Quick Action Closing Fund, and expenditures from the fund shall be recommended by the Director of the Oklahoma Department of Commerce to the Governor after a thorough evaluation of selected projects or facilities or after a rebate is approved for payment to a high impact production company pursuant to the provisions of Section 3624 of Title 68 of the Oklahoma Statutes. Except for rebates approved pursuant to the provisions of Section 3624 of Title 68 of the Oklahoma Statutes, the Director of the Oklahoma Department of Commerce shall only recommend expenditures that the Director determines are expected to result in a net economic benefit to the state through the following:

1. The creation of new jobs which offer a basic health benefit plan, as defined in the Oklahoma Quality Jobs Program Act;
2. The maintenance of existing jobs which are at a risk for termination;
3. Investment in new real property, plant or equipment or in the improvement or retooling of existing plant or equipment; or
4. Additional revenues in either ad valorem, income or sales and use taxes.

F. The Oklahoma Department of Commerce shall develop rules for the process of reviewing proposed expenditures from the Oklahoma Quick Action Closing Fund and for the determination of whether or not proposed expenditures meet the criteria identified in subsection E of this section. Criteria shall include, but not be limited to, requirements for economic impact, local participation in the project, capital investment and average wage thresholds.

G. Upon receipt of an evaluation that recommends an expenditure from the Oklahoma Quick Action Closing Fund from the Director of the Oklahoma Department of Commerce, the Governor shall provide the evaluation and recommendation to the President Pro Tempore of the State Senate and the Speaker of the Oklahoma House of Representatives before giving final approval for the expenditure on the project. The Executive Office of the Governor shall recommend final approval of an expenditure on a project pursuant to consultation with the President Pro Tempore of the State Senate and the Speaker of the Oklahoma House of Representatives.



H. Upon approval by the Governor, the Oklahoma Department of Commerce shall enter into an agreement that sets forth the conditions for payment of monies from the Oklahoma Quick Action Closing Fund. The agreement must include:

1. The total amount of funds awarded;
2. Except in the case of a rebate approved for payment to a high impact production company pursuant to the provisions of Section 3624 of Title 68 of the Oklahoma Statutes, the performance conditions that must be met to obtain the award including, but not limited to, net new employment in the state, average salary, and total capital investment;
3. If appropriate, a baseline of current service and measure of enhanced capability;
4. The methodology of validating performance;
5. The schedule of payments from the fund, and claw-back provisions for failure to meet performance conditions; and
6. A requirement that no monies paid from the Oklahoma Quick Action Closing Fund shall be used by a recipient or any other person or entity for purposes of any political contribution to or on behalf of any candidate or for the support of or opposition to any measure including but not limited to an initiative petition or referendum.

I. The Department of Commerce shall make available on its website or other website dedicated for this purpose a complete disclosure of all payments made from the Oklahoma Quick Action Closing Fund. The disclosure shall include a description of the expenditures made by the business establishment with the payments made from the fund. No proprietary information of the business establishment shall be subject to the requirements of this subsection.

J. If any or all of the amount to be awarded is used to build a capital improvement, except in the case of an amount approved for payment to a high impact production company pursuant to the provisions of Section 3624 of Title 68 of the Oklahoma Statutes:

1. The funds used for the capital improvement shall be deemed to be held in trust for the benefit of the state and shall be considered as a priority claim for purposes of federal bankruptcy law; and
2. If the capital improvement is sold, the recipient of the award shall:
 - a. repay the state the money awarded to pay for the capital improvement, with interest at the rate and according to the other terms provided by the agreement, and
 - b. share with the state a proportionate amount of any profit realized from the sale.

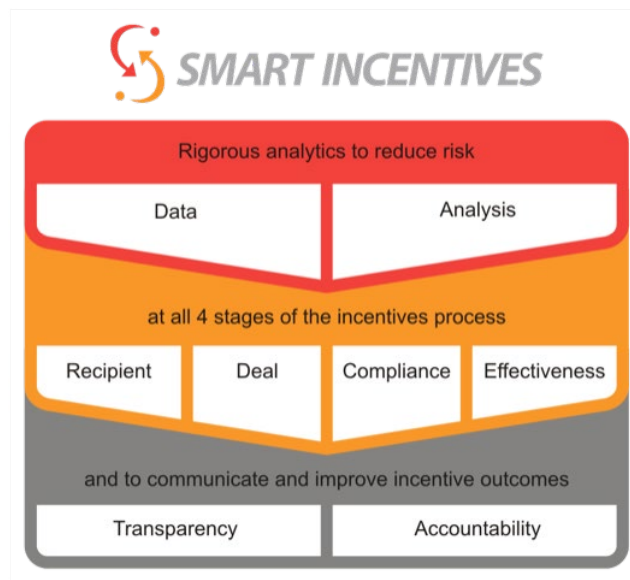
K. If, as of the date certain provided in the agreement, the award recipient has not used monies awarded for the intended purposes, the recipient shall repay that amount and any related interest to the state at the agreed rate and on the agreed terms and any such amounts shall be deemed to be held in trust for the benefit of the state and shall be considered as a priority claim for purposes of federal bankruptcy law.



Appendix B: 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,²³ 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.
- 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

²³ 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



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.