



State of Oklahoma

Incentive Evaluation Commission

The Strategic Industrial Development Enhancement (SIDE) Act Draft Evaluation

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Contents

Key Findings and Recommendations	3
Introduction	7
Incentive Usage and Administration.....	10
Economic and Fiscal Impact.....	18
Goals, Strategy and Competitive Considerations.....	25
Incentive Benchmarking.....	27
Appendices	31
Appendix A: Incentive Statute	32
Appendix B: Business Incentives Best Practices.....	34
Appendix C: Application	36
Appendix D: Agreement for Potential Participation.....	49
Appendix E: IMPLAN Methodology	51



Key Findings and Recommendations



Incentive Overview

The Strategic Industrial Development Enhancement (SIDE) Act (SIDE Act or Act) was created by HB3081 during the 2022 legislative session and was effective on January 1, 2023. It enhances the competitiveness of rural industrial parks by improving connections between railroads and industrial park developments through corporate or individual income tax credits.

Recommendation: Retain, with minor modifications

Key Findings:

Financial and Economic Impact

- **The program is in its first three years of operation, so impact data is still limited.** According to the Department of Commerce (Department), for SIDE Act allocations of \$29.4 million in 2023 through 2025, anticipated program investments will exceed \$295.5 million, with 716 planned/projected new jobs at an average annual wage of \$51,487.
- **Program costs are reasonable and targets projects with significant potential benefit.** The average cost per job is \$41,049, which is below the long-time \$50,000 cost per job rule of thumb. The program also targets public infrastructure projects, which research finds can be a cost-effective way to create jobs. Per job created, some infrastructure investment has been found to have less than one-fifth the costs of average incentives.
- **The program has both an infrastructure investment and an economic development project component, and funding has been roughly equally split between them.** Of the 20 projects awarded tax credits in 2023-2025, \$11.7 million was for infrastructure investment (13 projects), \$11.6 million was for economic development projects (5), and \$6.2 million was for a combination of infrastructure investment and economic development projects (2). In one instance, a project was awarded tax credits over two years, and in one other, a project was awarded tax credits over three years. The average award was \$1.5 million.
- **There can be attrition among entities that receive SIDE Act allocations.** Among entities receiving allocations, two withdrew from the program. Their withdrawals reduced the 2025 SIDE Act allocations by \$3.1 million and the anticipated expenditures by \$29.0 million.
- **The program is limited in funding to \$12 million in tax credit awards per year, and it is scheduled to sunset on December 31, 2032.** Because the incentive is limited in amount and duration, as currently constructed, the program will not become a financial concern for the state.
- **The incentive generates significant economic impact.** The \$29.4 million in SIDE Act allocations from 2023-2025 generated direct, indirect and induced economic impact totaling \$881.6 million – 30 times the SIDE Act allocations. This translated into \$16.5 million in state tax revenue, \$0.56 for every \$1.00 in incentive.
- **While it is often difficult to determine whether an incentive impacts decisions, there are aspects of the program that suggest it does.** First, public infrastructure at the local level can be difficult to fund, as local service demands (police, fire, roads) often consume most available resources. The infrastructure investments in particular are likely positively impacted by the state investment. Second, the economic development projects require the SIDE Act allocation to be no



more than 10 percent of qualified expenditures. This creates strong leverage and means that the state's 'breakeven point' (the percentage of projects that would have been completed regardless of the incentive) is relatively high for the state, meaning only a small percentage of the projects requiring the incentive are necessary for the state to 'break even.'

Program Construction

- **The initial legislation does not identify a program goal or goals.** As a result, it is not possible to definitively determine whether the program is meeting a goal or goals. The Department summarizes the program as one that "facilitates construction of new or existing facilities at rural industrial parks and promotes the competitiveness of railroad infrastructure in the state."
- **The program is a complement to the state's Railroad Modernization Tax Credit.** As with this credit, it targets assistance for Class II and III railroads, which are the regional and local carriers. That credit is targeted at modernization or repair of existing railroad track, while this focuses on new railroad infrastructure as one of its two components. From the project team's analysis of this and other similar programs in other states, the two are complementary rather than redundant programs.
- **The required private investment and maximum tax credit varies between the infrastructure and economic development components.** The economic development tax credit amount may not exceed 10 percent of qualified project expenditures or \$6 million. For initial infrastructure expenditures, the tax credit amount may not exceed 50 percent of qualified project expenditures and \$3 million. Projects can combine the two types of expenditures, but the combined tax credit cannot exceed \$6 million.
- **Because the required project sponsors may not have corporate income tax liability, the credits may be carried forward for up to five years or transferred.** A project sponsor submits the application to the Department of Commerce. Project sponsors are defined in the statute as a local economic development organization or authority, port authority, qualified industrial park, or a terminal, switching or Class II or III railroad. Other than the terminal, switching or Class II or III railroad, other eligible project sponsors would not have corporate income tax liability.

Program Administration

- **The program administration aligns with incentive best practices.** The online application requires submission of detailed information related to private investment, created jobs and average wages. The Department uses a scoring system that heavily depends on return on investment to the state, and tax credits may not be claimed until the project is completed and expenditures are verified by the Department, which can reduce awards to comply with statutory requirements for tax credit project limits.

Benchmarking

- **The SIDE Act is broader than most comparable state programs.** The combination of incentives for both rail connection and economic development investments at an industrial park or similar site makes it different from other state's short line tax credits. The eligible uses, including land and building improvements and machinery and equipment purchases are not generally found in other similar state incentives.



Strategic Alignment

- **The project aligns with Oklahoma’s Strategic Plan for Economic and Community Development.** While the SIDE Act does not explicitly identify a program goal or goals, the Department’s 2025 strategic plan identifies “Ready Sites” as one of the five pillars for driving economic growth. Strategic Goals and Metrics also include Direct New Jobs and Increase Average Annual Wage, which this program supports. Finally, many of the companies that benefit from the incentive are in manufacturing, which is one of the seven statewide key industries for recruitment and retention.
- **On a macroeconomic basis, the program does not provide a competitive advantage for the state.** While this may impact on microeconomic decisions, it is not large enough to materially impact the state economy, which, in the first quarter of 2026 is estimated by the Bureau of Economic Analysis at \$216 billion.

Recommendations

- **The Legislature should provide direction on the program’s specific goal or goals.** The program has two components, and how to weigh them for competing projects would be assisted by greater legislative clarity. It would also assist with future program evaluations.
- **Consider retaining some share of tax credit allocation for the second half of the year.** While the Department’s stance that they will award credits to all worthy projects – even if that means there is only one application window – is understandable, it may mean that strong projects will not take place if they would have to wait for up to a full year to determine if they will receive the state tax credits. In this case, with a second window, projects that did not receive tax credits in the first application period would still have an opportunity to have their application considered in the second round but other strong projects would have another chance to submit.
- **Provide an ongoing reporting requirement as part of the contract for receiving tax credits.** One of the challenges with incentive evaluations is the lack of ongoing data about the continued value of state investments. One approach is to require, as part of the contract for tax credit awards, that the party claiming new jobs and wages have to report on an annual basis for five years the new jobs and payroll associated with the project.



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

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.



Prior Evaluations

There have been no prior SIDE Act evaluations.

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.
- Capital investment made by participating entities, separated by project costs and infrastructure costs.
- Jobs created through the SIDE Act incentives.
- Amount of land now prepared for development / redevelopment.
- State return on investment.



Incentive Usage and Administration



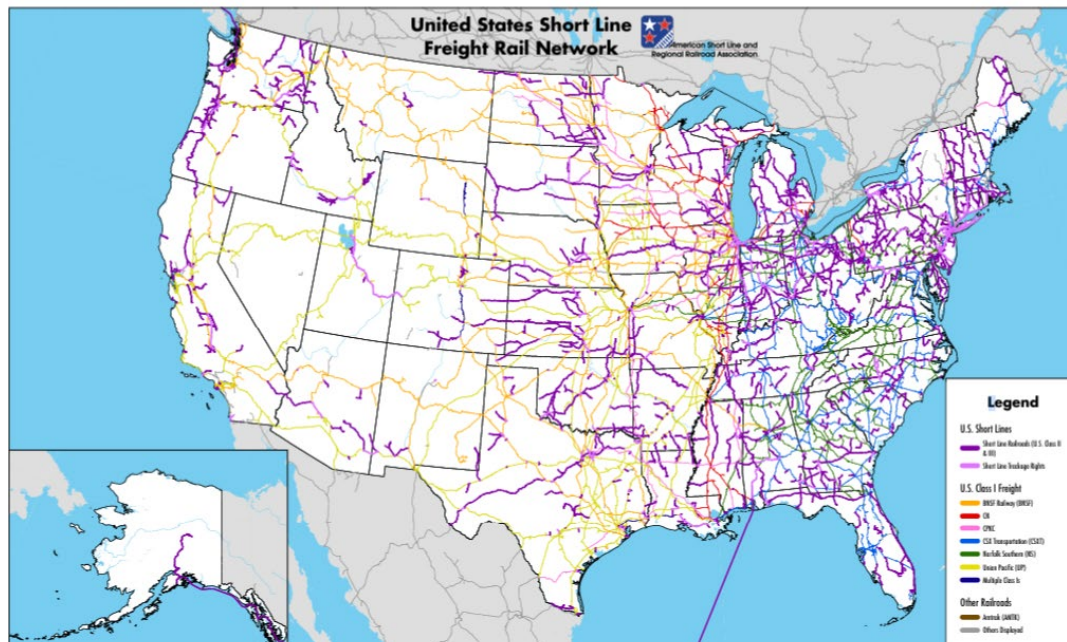
Introduction

Oklahoma's SIDE Act promotes the competitiveness of industrial parks by creating or enhancing connections between industrial parks and other economic development sites to Class II and III railroads.³ Because freight transported by rail is generally less costly than trucking, manufacturers often choose plant or warehouse locations based on the availability of short line railroad service.⁴ The Site Selection Group has noted a growing demand for projects on rail-served sites. They note several advantages for rail freight transportation:⁵

- **Cost savings.** Compared to trucking, rail significantly reduces fuel costs and distributes shipping costs over larger volumes.
- **Reliability.** Trains are less susceptible to traffic congestion, weather delays, and labor shortages.
- **Safety.** Rail has significantly fewer accidents per ton-mile compared to trucking.

As the following map illustrates, short line railroad prevalence (the lines in purple) differs by region. The U.S. east of the Mississippi River contains far more miles of short line track than other regions.⁶

Figure 1: U.S. Short Line Freight Rail Network



³ Program eligibility is limited to counties with fewer than 100,000 residents. Two Oklahoma counties, Oklahoma and Tulsa, may not participate in the program. Class II railroads are regional, mid-sized carriers. Class III railroads are short line or local carriers and typically handle first and last-mile connections for rural or industrial businesses. They are the focal point of the incentive.

⁴ "Short Line Railroads: The Unsung Backbone of America's Supply Chain," United States Rail and Logistics, accessed electronically at <https://usrailandlogistics.com/short-line-railroads-the-unsung-backbone-of-americas-supply-chain/>

⁵ "Rail-Served Sites: A Key Factor in U.S. Industrial Location Strategy, Site Selection Group, February 13, 2025, accessed electronically at <https://info.siteselectiongroup.com/blog/rail-served-sites-a-key-factor-in-us-industrial-location-strategy>

⁶ American Shortline and Regional Railroad Association, accessed electronically at <https://www.aslrra.org/advocacy/aslrra-advocacy-priorities/>



Program Administration

The Department of Commerce (Department) is responsible for administering the SIDE Act application and awards process. Once the Department's evaluation and review process is completed and projects are approved for tax credits, it forwards the information to the Oklahoma Tax Commission (OTC), and the OTC issues a tax credit certificate to be used to claim the credit.

Eligibility

An eligible entity is one that is incorporated and located in Oklahoma with a qualifying project in a qualifying project location. The entity may be incorporated in any state but must be located in Oklahoma. Project Sponsors submit applications on behalf of eligible entities. They must be one of:

- An Economic Development Organization or Authority,
- A port authority,
- A qualified industrial park, or
- A terminal, switching, or Class II or III railroad that is recognized as a common carrier by the Federal Surface Transportation Board.

Qualifying Project Locations

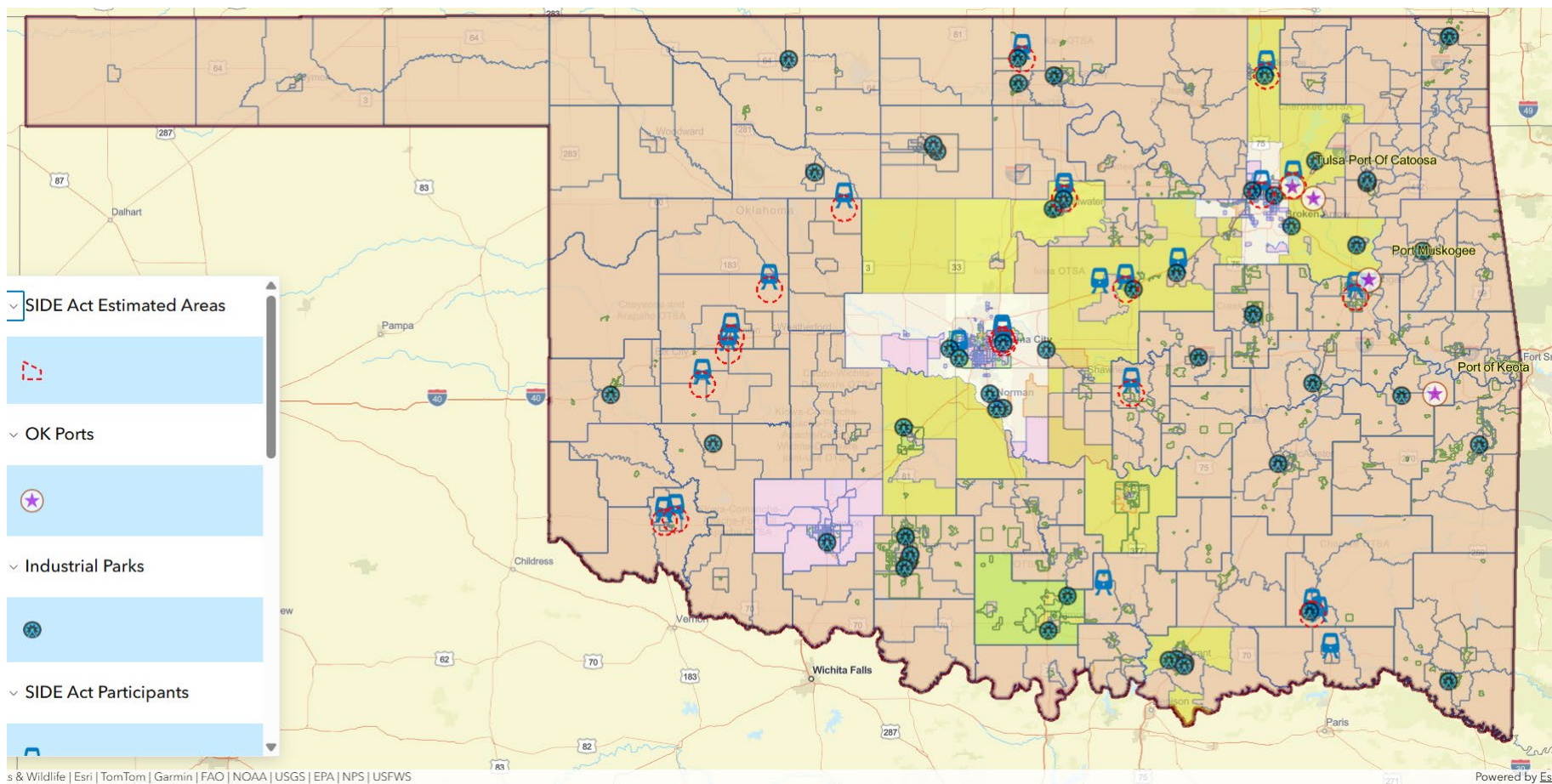
A qualifying project location is one located in:

- An industrial park, economic development zone, or port located within a county with a population of less than 100,000 persons; or
- A project located adjacent to a terminal, switching, or Class II or III railroad.

As shown in the following figure, the Department maintains a state map that outlines program participants as well as locations that are eligible to participate.



Figure 2: Eligible Locations



On the map, the two white colored counties (Oklahoma and Tulsa) are not eligible for the program, unless the project is adjacent to a terminal, switching or Class II or III railroad. SIDE Act participants are shown with the  symbol, while enterprise zones are green (grandfathered), purple for the standard program, and yellow for priority enterprise zones.



Qualifying Projects & Expenditures

There are two types of qualifying projects. They are either the new construction or expansion of an eligible entity, or the development of qualified initial infrastructure to serve an eligible entity in a qualifying project location.

The following identifies types of qualifying project expenditures:

- **Qualified Economic Development Expenditures:** Land improvements, building construction and improvements, expansion, port terminal improvements, and the purchase of certain machinery and equipment (equipment fixed to real property, such as HVAC and water treatment). Non-fixed equipment, such as locomotives and forklifts do not qualify.
- **Qualified Initial Infrastructure Expenditures:** New rail infrastructure and improvements, including right-of-way acquisition, engineering, rehabilitation of existing inactive track, construction of new track (industrial leads, switches, spurs, and sidings), loading dock improvements, and transloading structures involved with providing rail service.

Application Requirements

- Applications must be submitted online during an open period — applications via mail, fax, or email are not accepted (the 2026 online application is included in the Appendices).
- Applicants must download, sign, and upload the Agreement for Potential Participation when applying (the Agreement is included in the Appendices).
- A project cannot be pre-approved, and an application will not be approved for a project that has already broken ground.
- Applications are evaluated by a highest net benefit to the state calculation, and funds are limited on a per-tax year basis.

Tax Credit Limits

- Credits allocated by the Department are capped at \$12.0 million in a tax year.
- The total tax credit cannot exceed \$6.0 million per qualifying project. For Qualified Economic Development Expenditures, the credit may not exceed 10 percent of qualified expenditures or \$6.0 million. For Qualified Initial Infrastructure Expenditures, the credit limit is 50 percent of qualified expenditures and may not exceed \$3.0 million. Projects can be a combination of economic development and initial investment, but they cannot exceed \$6 million in total credits.
- SIDE Act tax credits may be combined with other incentives, but the total value of all incentives cannot exceed the total cost of the project.
- Tax credits may be carried forward for five years. The tax credits are transferable, but they are not refundable.

Application Process

As noted, the application process is electronic. Data and information may be entered into the online form, and there are also options for the applicant to attach additional documents. Discussions with program participants suggested that the process is understood and the application relatively easy to complete. The Department provides for 4 two-week application windows in a calendar year, with one application period in each quarter. However, if sufficient projects are submitted in an earlier quarter (or quarters) the following application windows are cancelled.



After the application, the Department reviews it, and if it complies with the statutory requirements, it makes an award of a tax credit. However, even though the credit is awarded, it cannot be claimed until the tax credit is certified. The Department then notifies the OTC of the award – but not the certification.

At this point, the awardee makes the investment and/or performs the project as included in the application. After the project is complete, the awardee submits documentation (including invoices, receipts and payment of invoices) to the Department. The Department then reviews the documentation to ensure the spend complies with the qualifying expenditures allowed in the SIDE Act statute, including proof of payment.

If documentation shows that the project spend was less than the original amount associated with the application, the Department may reduce the tax credit. In no case, however, will the Department increase the credit, even if the project expenditure is greater than was included in the application.

After the documentation review, the Department certifies the tax credit to the OTC and notifies the awardee that the credit may now be claimed. The Department then sends a certification letter to the awardee and the OTC. The awardee is directed to include the certification letter along with the filed tax returns that claim the credit.

Program Use

The following table details use of the program by participant, sponsoring organization, and award, by year.

Table 1: SIDE Act Participation

Eligible Entity	Sponsor	Location	Type of Project	Anticipated Expenditures	SIDE Act Allocation	Year
Tulsa Base Railroad, LLC	Tulsa Base Railroad, LLC	Tulsa	Initial Infrastructure	\$1,382,694	\$691,346	2023
Centrillum Holdings, LLC	Stillwater Central Railroad	Midwest City	Economic Development	\$14,098,287	\$1,409,829	2023
MWC Rail Development, LLC	Arkansas-Oklahoma Railroad, LLC	Midwest City	Initial Infrastructure	\$2,100,000	\$1,050,000	2023
MWC Rail Development, LLC	Stillwater Central Railroad	Midwest City	Initial Infrastructure	\$1,100,000	\$550,000	2023
Farmrail System, Inc.	Farmrail System, Inc.	Clinton	Initial Infrastructure	\$155,514	\$77,757	2023
Tensar International, LLC	Blackwell Industrial Authority	Blackwell	Economic Development	\$16,999,999	\$1,699,999	2023
Plains Cotton Cooperative Association	Altus Community Foundation	Altus	Initial Infrastructure	\$2,657,103	\$1,328,551	2023
Blue Whale Materials, LLC	Bartlesville Development Authority	Bartlesville	Economic Development	\$6,743,206	\$674,321	2023
Legacy Fresh Farms -Seminole	Seminole Economic Development Council	Seminole	Economic Development	\$106,500,000	\$3,200,000	2023, 2024
Industrial Developers of Oklahoma 12, LLC	City of Tulsa-Rogers County Port Authority	Tulsa Port of Catoosa	Economic Development	\$45,661,156	\$4,566,115	2023, 2024, 2025
Farmrail System, Inc.	Farmrail System, Inc.	Clinton	Initial Infrastructure & Economic Development	\$590,001	\$174,200	2024
Grainbelt Corporation	Grainbelt Corporation	Okeene	Initial Infrastructure	\$795,997	\$397,999	2024
Grainbelt Corporation	Grainbelt Corporation	Thomas	Initial Infrastructure	\$166,871	\$83,435	2024
Kingspan Roofing and Waterproofing	Stillwater Central Railroad	Stillwater	Initial Infrastructure & Economic Development	\$80,193,147	\$6,000,000	2024
Farmrail Corporation	Farmrail Corporation	Burns Flat	Initial Infrastructure	\$1,064,713	\$532,356	2025
TBD*	Muskogee City County Port Authority	Muskogee	Initial Infrastructure	\$3,255,686	\$1,627,843	2025
Malarkey Roofing Products	Stillwater Central Railroad, LLC	Oklahoma City	Initial Infrastructure	\$1,635,846	\$375,809	2025
T&J Marketing, Inc.	Stillwater Central Railroad, LLC	Chandler	Initial Infrastructure	\$6,508,946	\$3,000,000	2025
Kiamichi Railroad Company, LLC	Kiamichi Railroad Company, LLC	Hugo	Initial Infrastructure	\$300,000	\$150,000	2025
Hooterville Transport, LLC	Kiamichi Economic Development District of Oklahoma	Antlers	Initial Infrastructure	\$3,602,969	\$1,801,484	2025
Total 2023-2025				\$295,512,135	\$29,391,044	

Source: Oklahoma Department of Commerce



As noted in both the table and figure 2, there are projects that have been funded in both Oklahoma and Tulsa Counties; these would have to be projects adjacent to a terminal switching, or Class II or III railroad. Only one project, for the Stillwater Central Railroad, has received the maximum \$6.0 million SIDE Act allocation.

As the following table demonstrates, the average award is approximately \$1.5 million, with the economic development project allocations being on average over twice the size of the infrastructure investments.

Table 2: SIDE Act Metrics, 2023-2025

Project Type	Expenditures	Allocations	Number	Average
Infrastructure	\$24,726,339	\$11,666,580	13	\$897,429.24
Economic Development	\$190,002,648	\$11,550,264	5	\$2,310,052.72
Both	\$80,783,148	\$6,174,200	2	\$3,087,100.00
Total	\$295,512,135	\$29,391,044	20	\$1,469,552.19

Source: Oklahoma Department of Commerce

Infrastructure Investments

A notable feature of the program is its focus on infrastructure investments. As noted in the previous section, investments in rail in particular have the potential to reduce shipping and other costs for manufacturers and related companies.

Infrastructure investments have been identified as having greater potential than other types of incentives to reduce costs, create jobs, and have a better return on investment. Timothy Bartik, an economist at the Upjohn Institute for Employment Research, has noted that infrastructure investment “leads to persistent boosts in jobs by lowering private costs.” As a result, “private investment increases and new jobs are created. These new and better jobs develop the skills of local workers. These better skills and higher private investment lead to the area having persistent gains in more jobs and better jobs.” Bartik concludes that “infrastructure investment can be a cost-effective way to create jobs. Such investment can be more cost-effective than average incentives. Per job created, some infrastructure investment has been found to have less than one-fifth the costs of average incentives.”⁷

Incentive Best Practices

The PFM Project Team has established a set of best practices that can apply broadly to incentive program designs.⁸ 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.

⁷ Timothy Bartik, “Making Sense of Incentives: Taming Business Incentives to Promote Prosperity, W.E. Upjohn Institute for Employment Research, October 8, 2019, accessed electronically at https://research.upjohn.org/cgi/viewcontent.cgi?article=1277&context=up_press

⁸ Details on the best practices and their establishment can be found in the Appendices.



The SIDE Act strongly aligns with most of the identified best practices. It is targeted at rail infrastructure, either improvements to existing or new rail lines. The Department has a scoring criteria for making awards, and net value to the state is the overriding tool for evaluation. As tables 1 and 2 demonstrate, the program's \$29.4 million allocation has generated \$295.5 million in anticipated expenditures (the program tax credits are designed to support no greater than 10 percent of economic development and 50 percent of infrastructure improvement project costs). The awards are public record, the program is capped and has a 2032 sunset. The program is mostly aligned with other best practices, and the Department can reduce awards if anticipated costs go down and the allocated credits exceed the 10 percent requirement. While the program is generally simple and understandable, its stated focus on rural economic development doesn't entirely align with awards in Oklahoma City and Tulsa County.

Figure 3: Incentive Best Practice Alignment

Best Practice	SIDE Act
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



Economic and Fiscal Impact



Impact Overview

Fiscal Impact

As previously noted, the SIDE Act is limited to \$12 million in annual tax credits, and that amount has been awarded by the Department in each year since the program's inception. The following table provides the yearly breakdown on allocations.

Table 3: SIDE Act Allocations, 2023-2025

Project Type	Expenditures	Allocations	Number
Infrastructure	\$24,726,339	\$11,666,580	13
Economic Development	\$190,002,648	\$11,550,264	5
Both	\$80,783,148	\$6,174,200	2
Total	\$295,512,135	\$29,391,044	20

Source: Department of Commerce

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.

Additional information on the IMPLAN model and methodology is provided in Appendix E.

The total economic impact is assessed based on the output generated by jobs that are supported through the SIDE Act incentive. It is assumed that the jobs claimed under the incentive program represent the employment that would not have been created or retained in the absence of the incentive. To ascertain total economic impact, the project team used the input-output IMPLAN software.⁹

To identify the capital expenditures (CapEx), the project team used IMPLAN Specification 50 – Construction of new commercial structures and included the full anticipated project cost value. The economic impact was run for each of the three years and then aggregated.

For New Jobs, the direct jobs include those engaged in construction as well as permanent jobs at the location. These use average wage data provided by the Department of Commerce, plus a 20 percent increase for benefits, taxes, etc. the project team and used the IMPLAN classification for Maintenance and repair, construction of non-residential structures. Some of the jobs will be in other classifications, but there is insufficient information available to split them out differently.

⁹ Additional discussion of IMPLAN and associated tables are provided in Appendix E.



Table 4: Combined Economic Impacts, 2023-2025

Total	Employment	Labor Income	Value Added	Output
1 - Direct	2,442	\$182,647,097	\$213,800,223	\$498,467,776
2 - Indirect	789	\$60,600,432	\$103,823,816	\$214,081,238
3 - Induced	893	\$49,877,627	\$96,304,554	\$169,039,201
Total	4,124	\$293,125,157	\$413,928,593	\$881,588,215

Source: IMPLAN, PFM

As a result, the combined economic output from the SIDE Act over these three years is modeled at \$881.6 million, versus the SIDE Act allocation of \$29.4 million. This is 30 times the investment.

Of course, economic activity does not directly translate into state revenue. The following table, generated by IMPLAN, translates into estimated state tax revenue.

Table 5: Incentive Generated State Tax Revenue, 2023-2025

Year	State Tax Revenue
2023	\$6,171,572
2024	\$6,835,532
2025	\$3,514,674
Total	\$16,521,779

Source: IMPLAN, PFM

Based on tables 3 and 4, the return on investment related to the SIDE Act allocation of \$29.4 million and generated tax revenue of \$16.5 million, the incentive generates \$0.56 for each \$1.00 of incentive allocation. Likewise, the infrastructure investment has positive externalities. As Tim Bartik noted, public infrastructure lowers private costs and will, over time, be likely to create additional jobs.

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 have likely have taken any action required to receive the incentive in the absence of such incentive.”

It is generally understood that business location decisions rely on a combination of considerations, including available skilled workers, infrastructure, access to suppliers (and in some cases customers), and a reasonable cost structure, which can include taxes. Studies have raised the concern that many (or even most) businesses would have located in a particular city or state absent incentives. Nevertheless, in cases of regional competition, incentives may be the deciding factor in ‘on the margins’ decisions.

Company decision makers consider incentives in combination with other more foundational economic factors. Given that incentives are just one factor among many influencing investment decisions, regarding incentive offers as binary – that they either did or did not tip investment decisions and are therefore either 100 percent responsible for a given investment or had no impact at all – misstates the role that incentives play.



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.¹⁰ 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.¹¹ 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.

But-for concept

The 'but for' test seeks to determine whether some or all economic activity would have occurred even without the existence of the tax incentive. The term "but for" appears to have developed in the context of efforts to evaluate the federal Urban Development Action Grant program in the 1980s because policy makers were concerned that public funds should not substitute for private capital. One academic study suggests that the term itself was embedded in state urban renewal statutes and supported by advocates for tax increment finance (TIF) programs because it helped establish a "public purpose" that created a "need" for public financing. The article implies that the term was intended to give developers more power to move projects forward by threatening not to invest, causing communities to fear decline and a loss of opportunity.

There are two different issues embedded within the "but for" test:

- Was the incentive "needed" to drive the decision?
- How much of the benefit should be attributed to the incentive?

This two-pronged approach to considering the importance of incentives is well-grounded in the research literature on economic development program evaluation. Program evaluation studies have emphasized the following concepts:^{12, 13, 14, 15}

- Substitution, deadweight costs, and redundancy of capital: In other words, was the incentive needed or did it simply replace money that would have been spent anyway? And was the substitution complete or was it partial?
- Additionality: How much of the beneficial outcome did the incentive itself actually cause, or how much can reasonably be attributed to the incentive?

¹⁰ 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.

¹¹ "Michigan Business Development Program Effectiveness Study." W.E. Upjohn Institute and Center for Regional and Economic Competitiveness. January 2019.

¹² Storey, D.J. "Evaluation of Policies and Measures to Create Local Employment." *Urban Studies* 27(5): 669-684. 1990.

¹³ Foley, Paul. "Local Economic Policy and Job Creation: A Review of Evaluation Studies." *Urban Studies* 29(3/4): 557-598. 1992.

¹⁴ Persky, et al. "How Do We Know That 'But for the Incentives' the Development Would not have Occurred?" *Dilemmas of Urban Economic Development*, 47:28-44. 1997.

¹⁵ Abravanel, et al. "Evaluation Community and Economic Development Program: A Literature Review to Inform Evaluation of the New Markets Tax Credit Program." Urban Institute. 2010.



The “but for” concept has since been stretched from its initial focus on gap financing needed to enable urban redevelopment projects and is now applied to all types of business incentive programs, including those intended for business attraction. In this case, “but for” has come to mean that an incentive was the deciding factor in a firm’s location, expansion or retention decision. In addition, many “but for” studies do not look directly at the effect of an incentive on individual company’s decisions, but instead use a variety of techniques to compare job growth or other economic outcomes at either the firm level or by geographic area after the fact in order to infer the incentive’s impact.

In sum, while “but for” has been adopted as a meaningful standard for assessing incentive effectiveness, the term is not well-defined nor is it used consistently in evaluations. As Bartik found, “Overall, the research literature on incentives’ “but for” effects is not as rigorous as one might hope.”¹⁶

Business choice factors affecting the importance of incentives

The research literature also suggests several firm and project characteristics that affect the importance of incentives to business investment decisions. These include:

- **Geographic area.** Efforts to measure incentive influence depend on the geographic frame of reference. For example, a company may have already decided to invest in the United States (so a national incentive would be assumed to have no influence on that choice) but has not chosen the specific state (so state-level incentives would be more likely to affect that decision).¹⁷
- **Consideration of multiple 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.^{18,19,20} A special case occurs when the investment decision will be made among multiple locations where the company already has operations, and corporate leaders are evaluating which site will generate the highest return.
- **New or existing facility.** Incentives are considered especially valuable to attract new businesses or encourage new investment,^{21,22} but in practice, incentives are frequently offered to existing businesses for retention purposes, to encourage investment that might not have otherwise occurred, and/or to build goodwill with the firm to ensure that it does not consider alternative locations for its expansion.

¹⁶ Bartik, 2018.

¹⁷ Storey, 1990.

¹⁸ James, Sebastian. “Tax and Non-Tax Incentives and Investments: Evidence and Policy Implications.” Investment Climate Advisory Services of the World Bank Group. 2013.

¹⁹ 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.

²⁰ Tavares-Lehmann, et al. “Rethinking Investment Incentives: Trends and Policy Options.” 2016.

²¹ Hoover, E. “An Introduction to Regional Economics.” Alfred A Knopf. 1975.

²² Stimson, et al. “Regional Economic Development.” 2002.



- **Features of the incentive offer.** The relative size of the incentive benefit affects its impact^{23,24} as do the incentive type and structure, timing of the application, and whether a firm is a first-time or repeat incentive recipient.^{25,26}
- **Firm attributes.** Cost-sensitive or efficiency-seeking operations (such as manufacturing, call centers, and distribution centers) and foreign investors have also been found to be more likely to be influenced by the availability of incentives, as are companies for whom the incentive meets a specified need, such as project financing or support services.²⁷

Application to the SIDE Act Incentive

Given that the SIDE Act incentive has been awarded to 22 individual projects, it is a given that each would require a separate determination (to the extent possible) of the award's effect on the decision to locate or expand a business based on the infrastructure or business associated with the award. In examining the program's attributes, the following characteristics are notable:

- **It provides significant leverage for the state investment.** The program provides an award of no greater than 10 percent of the total project cost for economic development projects and 50 percent for infrastructure investment. In the aggregate total private investment from 2023 to 2025 is expected to make up more than 90 percent of project funding. As a result, even if a significant number of projects didn't meet the 'but for test,' the overall economic impact for the state can still result in a positive return on investment. PFM frequently conducts a breakeven analysis into its impact modeling and ROI calculation. Since the "true" level of the tax credits' influence is unknowable, this analysis calculates the total benefits that would have to be attributable to the incentive in order for the State to break even on its investment. That is, the state tax revenues or economic benefits generated by the assumed economic activity associated with the awards can be compared with the amount of awards to be paid.

A low break-even point suggests that the tax credit does not have to strongly influence the business decision in order for the tax credit to have been beneficial to the State. By contrast, a high break-even point indicates that one would have to assume that the incentive is largely responsible for the business decision and accompanying benefits in order for the tax credit to have been beneficial to the State.

- **It targets public investment projects that otherwise may not rise to the level of being funded.** Local government spending primarily supports local services, which include police and fire protection, roads, and parks and recreation. It can be difficult for local governments to make these types of capital investments, meaning their decisions are dramatically impacted by the availability of state resources through this program.

²³ James, 2013.

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

²⁵ Foley, 1992.

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

²⁷ Tavares-Lehmann, 2016.



- **It is targeted to attract new businesses or new investment.** This aligns with overall best practices and provides an additional level of confidence that the incentive is an important part of an investment or location decision.

Comparison with Other State Programs

As noted in the Introduction, Oklahoma has another program targeted at Class II and III railroads, the Railroad Modernization Tax Credit, which was last evaluated in 2023.²⁸ That program provides tax credits worth 50 percent of qualified railroad reconstruction or replacement expenditures for Class II and III railroads. It is capped at \$5,000 per mile of railroad owned or leased, with an overall annual state cap of \$5 million. The credits can be carried forward for five years or transferred. Historic use of the credit has been around \$3 million annually. The 2023 evaluation recommendation was to retain the incentive.

The primary difference between the incentives is the Railroad Modernization Tax Credit is specific to existing railroads, where the SIDE Act is targeted at new infrastructure or specific job creating projects, particularly in industrial parks. In this respect, they are complementary rather than redundant.

Consideration of Adequate Financial Protections

The incentive evaluation statute requires ‘An assessment of whether adequate protections are in place to ensure the fiscal impact of the incentive does not increase substantially beyond the state’s expectations in future years.’ In this case, the incentive is a tax credit that is limited to no more than \$12 million in a single year. As a result, there is not the possibility – short of legislative action to raise the limit – that the incentive will increase beyond the state’s expectations in future years.

The program also has a sunset date, which, in SB 1992 (2026) was extended to December 31, 2027.

28

<https://oklahoma.gov/content/dam/ok/en/omes/documents/iec/archive/support/2023/RailroadTaxCreditEvaluation11172023.pdf>



Goals, Strategy and Competitive Considerations



As noted, the 2026 passage of SB 1990 provided some additional factors to consider when evaluating the State's business incentives. This chapter analyzes the criteria that have not been included in other chapters of the evaluation.

Goals Achievement

When created in 2022, the SIDE Act did not specifically identify a goal or goals related to the program. According to the Department of Commerce, "The Strategic Industrial Development Enhancement (SIDE) Act promotes the competitiveness of rural industrial parks by improving connections between railroads and industrial park developments." Given the relative newness of the program, it is difficult to fully gauge the program's effect on the goal. However, the overall program design and administration provide some confidence in the overall effectiveness of the program.

Effect on a Strategic Economic Goal or Industry

The project team used the Department of Commerce's 2025 "Oklahoma's Strategic Plan for Economic and Community Development as the guide for this determination. One of the 'Five Pillars for Driving Economic Growth' is 'Ready Sites' and notes that 'Infrastructure and readily available sites are critical for attracting and retaining businesses in a competitive environment.' This incentive fits within that strategy for driving economic growth.

The strategic plan also identifies 10 key goals, and the program fits within the goal of encouraging new private investment. From the project team's perspective, it also aligns well with the Department's internal goal of being an adaptable and accountable agency.

Macroeconomic Effects

While the program fits within strategic goals for the state, it really isn't large enough to have a material effect on the state at a macroeconomic level. The state is a \$216 billion economy, and \$12 million in annual tax credits is not going to move the needle, even taking into consideration the additional private investment. Nearly all of the state's business incentives operate at the microeconomic level, and that is where determinations of efficacy can be measured and analyzed.



Incentive Benchmarking



SIDE Act's Unique Characteristics

The SIDE Act has two defining characteristics that together set it apart from its peers:

1. **Industrial park focus:** it targets rural industrial parks specifically, not any railroad infrastructure. Eligible projects must be located in counties under 100,000 population, or adjacent to a short line railroad.
2. **Business-side investment:** Beyond railroad track, the program can subsidize buildings, land improvements, machinery, and equipment that businesses place in industrial parks. Most state railroad credits only cover the track itself.

The combination of subsidizing both the rail connection *and* the economic development investment on the industrial park side is what makes the SIDE Act genuinely different from a standard short line tax credit. The following state programs come closest to Oklahoma's SIDE Act in combination with its railroad reconstruction and rehabilitation tax credit.

Kentucky Railroad Spur Economic Development Credit

Kentucky allows an economic development tax credit of up to 100 percent for the construction and installation of railroad spurs to connect economic development projects to existing railroads. The credit is available to businesses engaged in manufacturing, agribusiness, non-retail service, technology, or national or regional headquarters operations. This is the closest structural match to the SIDE Act's economic development component, as it explicitly subsidizes the construction of railroad spurs for the purpose of connecting new businesses, and it is available to the *business being served* rather than the railroad. Kentucky also offers a separate railroad maintenance and improvement credit for the track side, creating a layered structure similar to Oklahoma's.

Indiana: HEA 1461 (2025)

Indiana's 2025 law is the next closest comparator. Short line railroads and businesses investing in rail maintenance, track expansion, and new projects in rural counties with populations under 300,000 may receive up to a 50 percent state tax credit. The inclusion of *businesses* (not just railroads) as eligible taxpayers, the rural county population cap, and the new infrastructure component are similar to the SIDE Act's structure. However, Indiana's credit covers rail infrastructure only — it does not extend to the business's own facility construction, land improvements, or equipment purchases.

Mississippi — Rail Infrastructure Tax Credit for Short Lines

Mississippi's program focuses on supporting rail-served locations, enhancing accessibility and economic potential, with industrial development tax credits focused on connecting businesses with the national freight rail network. The new infrastructure component — covering new construction of industrial leads, switches, spurs, and sidings for serving new customer locations or expansions — captures the connectivity goal of the SIDE Act. But like Indiana, it stops at the track and doesn't subsidize the industrial facility itself.

West Virginia — Short Line Railroad Modernization Act (SB 592, 2026)

West Virginia's program is the most expansive in its eligibility definition among the states covered, including any owner or lessee of a rail siding, industrial spur, or industry track located on or adjacent to any Class II or Class III railroad. That reaches businesses with private spurs, not just the railroad, which begins to approach the SIDE Act's business-side orientation. The new infrastructure component also covers rehabilitation of existing inactive track to reinstate operation, loading dock improvements, and transloading structures. Loading dock improvements and transloading structures are closer to the business-side investment the SIDE Act covers than anything in the other states' programs.

**Kansas — Short Line Railroad Tax Credit**

Kansas's program is notable for including as eligible taxpayers businesses that use Class II or III short line railroads, are served by a short line, or store railcars on a short line. This customer-side eligibility is broader than most states, but the qualified expenditures are limited to railroad track maintenance — it does not extend to the business facility itself.



Appendices



Appendix A: Incentive Statute

68 OK Stat § 2357.105 (2025) 2025 Oklahoma Statutes

Title 68. Revenue and Taxation

§68-2357.105. Credit for qualified economic development expenditures.

A. As used in this section:

1. “Eligible entity” means an entity incorporated and located in the state with a qualifying project in a qualifying project location;
2. “Qualifying project” means the new construction or expansion of an eligible entity or the development of qualified initial infrastructure to serve an eligible entity in a qualifying project location;
3. “Qualifying project location” means a project located in an industrial park, economic development zone, or port located within a county in this state with a population of less than one hundred thousand (100,000) persons (“Qualified Area”), or a project located adjacent to a terminal, switching, or Class II or III railroad as defined by the federal Surface Transportation Board;
4. “Project sponsor” means a local economic development organization or authority, port authority, qualified industrial park, or a terminal, switching, or Class II or III railroad;
5. “Project application” means an application submitted by a project sponsor on behalf of a qualifying project for an allocation of qualifying strategic industrial development enhancement (SIDE) tax credits. Project applications must include a description of the qualifying project, project location, detailed project costs, and a summary of expected economic benefits and job creation;
6. “Qualified economic development expenditures” means expenditures for land improvements, building construction, building improvements and expansion, port terminal improvements, and the purchase of certain machinery and equipment;
7. “Qualified initial infrastructure expenditures” means expenditures for new rail infrastructure and improvements, which includes the acquisition of right-of-way, engineering, rehabilitation of existing inactive track to reinstate operation, construction of new track such as industrial leads, switches, spurs, and sidings, loading dock improvements, and transloading structures involved with providing rail service to a qualifying project; and
8. “Project tax credit amount” means the amount of tax credits allocated by Oklahoma Department of Commerce to a qualifying project for qualified economic development and initial infrastructure expenditures.

B. For tax years beginning after December 31, 2022, and ending not later than December 31, 2027, there shall be allowed a credit against the tax imposed pursuant to Section 2355 of this title in an amount not to exceed ten percent (10%) of an eligible entity’s qualified economic development expenditures, subject to limitations, determination, and allocation by the Oklahoma Department of Commerce.

C. The total project tax credit amount may not exceed ten percent (10%) of the qualified economic development expenditures, except for qualified initial infrastructure expenditures the project tax credit amount is earned at the rate of fifty percent (50%) of qualified initial infrastructure expenditures.

D.

1. The project tax credit amount for qualified economic development expenditures may not exceed Six Million Dollars (\$6,000,000.00) per qualifying project.
2. The project tax credit amount for qualified initial infrastructure expenditures may not exceed Three Million Dollars (\$3,000,000.00) per qualifying project. Projects are eligible to combine qualified economic development and qualified initial infrastructure expenditures, but the total project tax credit amount may not exceed Six Million Dollars (\$6,000,000.00) per qualifying project in aggregate.



E. The issuance of the project tax credit amount shall be subject to review of eligible expenditures and qualifying project status by the Oklahoma Department of Commerce.

F. The credits authorized pursuant to this section may not be used to reduce the tax liability of the taxpayer to less than zero (0).

G. The credits allowed pursuant to this section that are not used may be assigned to a qualifying project affiliate by written agreement at any time during the tax year in which the credit is earned or the five (5) years following the tax year the qualified expenditures are incurred. For purposes of this subsection, a “qualifying project affiliate” shall include a customer, vendor, project investor, or strategic finance partner of the eligible entity subject to the Oklahoma corporate or individual income tax. The eligible taxpayer and the qualifying project affiliate must jointly file a copy of the written assignment agreement with the Oklahoma Tax Commission within thirty (30) days of the assignment. The written agreement must contain the name, address, and taxpayer identification number of the parties to the assignment, the tax year the eligible taxpayer incurred the qualified expenditures, the amount of credit being assigned, and the tax year or years for which the credit may be claimed.

H. To the extent not used, the tax credit authorized by this section may be carried over, in order, to each of the five (5) subsequent taxable years.

I. Credits allocated by the Department shall not exceed Twelve Million Dollars (\$12,000,000.00) in a tax year. Qualifying projects that have submitted an application and are not allocated all or part of credit for qualified economic development expenditures or qualified initial infrastructure expenditures shall be eligible for credit in subsequent tax years.

J.

1. The Oklahoma Tax Commission may promulgate rules, forms, and regulations as are necessary to implement and administer the provisions of this section and certify the tax credit amount generated by each qualifying project annually.

2. The Oklahoma Department of Commerce shall promulgate rules to permit verification of the eligibility of a qualifying project for the purpose of claiming the credit. The rules shall provide for the approval of qualified economic development expenditures prior to commencement of a project and provide a certificate of verification upon completion of a project that uses qualified economic development expenditures. The certificate of verification shall satisfy all requirements of the Oklahoma Tax Commission pertaining to the eligibility of the eligible taxpayer claiming the credit.

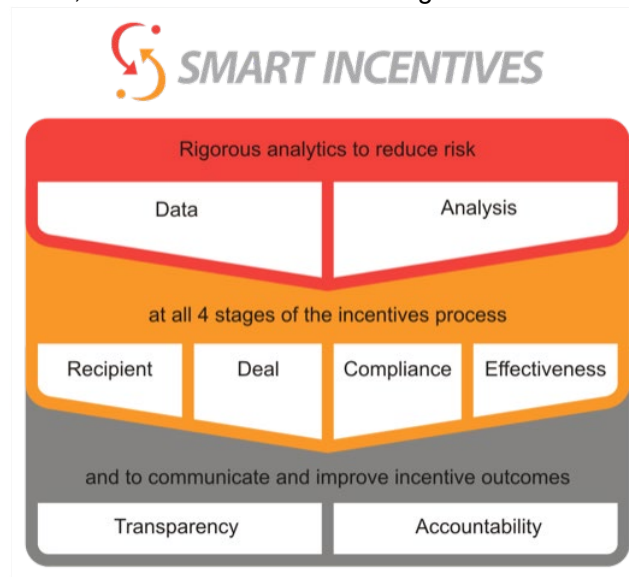
Added by Laws 2022, c. 340, § 1, eff. Jan. 1, 2023. Amended by Laws 2024, c. 164, § 1, effective Jan. 1, 2025.



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,³² 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.

³² 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.



Appendix C: Application



SIDE Act Program Application

Before starting your application be sure to read the important information and review the complete rules on the SIDE Act website.

You must upload a completed and signed attestation before you can submit this online application. Download the attestation [here](#).

See the FAQs on the SIDE Act website for answers to common questions about the program.

Other than engineering studies, construction estimates, and environmental studies, have any funds been spent towards the new project at the time of application? *

☐ Yes ☐ No

Sponsor Information

Project Sponsors are defined as an economic development organization or authority, qualified industrial park, or terminal, switching or Class II or III railroad.

Please note that a terminal, switching, Class II or III railroad must be recognized as a common carrier by Federal Surface Transportation Board.

What type of entity is the sponsor? *

- ☐ Economic development organization, Chamber, or Main Street
- ☐ Port Authority
- ☐ Qualified Industrial Park (in a county with population less than 100,000)
- ☐ Railroad (Terminal, switching, or Class II or III)

Note: If a qualified industrial park is city owned, a city may be a project sponsor.



If railroad (terminal, Switching, or Class II pr III), Please attach documentation indicating the railroad operator is subject to the jurisdiction of the Surface Transportation Board, and is thus recognized as a common carrier.

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Sponsor Name *

Sponsor FEI Number *

Sponsor Physical Address *

Street Address

Street Address Line 2

City

State / Province

Postal / Zip Code

Sponsor Contact Name *

First Name

Last Name

Sponsor Contact Title

Sponsor Contact Email *

example@example.com



Sponsor Contact Office Phone *

Please enter a valid phone number.

Sponsor Contact Cell Phone *

Please enter a valid phone number.

Please note providing accurate and up to date contact information will ensure an expedited review of the application.

Eligible Entity Information

An eligible entity is defined as an incorporated business entity that is located in the state with a qualifying project in a qualifying project location. The business entity must be incorporated in any state but must be located in Oklahoma to satisfy this definition.

Eligible Entity Name *

Eligible Entity FEI *

Eligible entity parent company, if applicable

Eligible Entity Oklahoma Physical Address *

Street Address

Street Address Line 2

City

State / Province

Postal / Zip Code



Eligible Entity Mailing Address *

Street Address	
Street Address Line 2	
City	State / Province
Postal / Zip Code	

Eligible Entity Contact Name *

First Name	Last Name

Eligible Entity Contact Title

Eligible Entity Contact Email *

example@example.com

Eligible Entity Contact Office Phone *

Please enter a valid phone number.

Eligible Entity Contact Cell Phone *

Please enter a valid phone number.

Please note providing accurate and up to date contact information will ensure an expedited review of the application.

What is the most current fiscal year sales (in Oklahoma)? *

Oklahoma sales only



How many people are currently employed at the company in Oklahoma? *

What is the average annual wage of current jobs in Oklahoma? *

Enter the amount, round to whole dollars

For the average wage, enter whole dollars for the annual salary. The wage entered cannot include any benefits but should include overtime or bonuses. Do not enter wages in hourly format. The total company yearly payroll will be calculated from the number of jobs and the average annual wage.

Total current yearly Oklahoma payroll for the company (Calculated)

Project Details

What is the anticipated date for this project to break ground if tax credits were awarded? *

Month	Day	Year

What is the time frame for the completion of the project once started (broken ground)? *

- ☐ Less than 1 month
- ☐ 1-3 months
- ☐ 3-6 months
- ☐ More than 6 months

Please upload a timeline for the project detailing the anticipated ground breaking through the completion of the project. *



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What is the total budget for the project? *



Please include any and all planning or preparatory documents for this project. (i.e. Construction plans, engineering reports, line item of construction estimates, etc.) *


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What type of project is this? (Note: Potential Award amounts will vary depending on the selection) *

- ☐ Initial Infrastructure only
☐ Economic Development only
☐ Both

Provide a detailed narrative description of the project's initial infrastructure.

Provide a detailed narrative description of the project's economic development.

Please provide a list of the sources of funding. Name sources and amounts associated with each.

Source	Amount

+ Add Row

Total Amount Requested *

The requested amount is NOT guaranteed. Award amounts are subject to statutory limits and availability of funds.



Project Location

A qualifying project location is defined as an industrial park, an economic development zone or a port located within an Oklahoma county with a population less than 100,000; any location adjacent to a terminal, switching or Class II or III railroad as defined by the Federal Surface Transportation Board.

Economic development zone means any zone, including enterprise zones, state and federal opportunity zones, identified for economic development.

Please review the eligibility map on the website for qualifying project locations. As a part of the review process we will be verifying the eligibility of the project location.

Please include a map or satellite image of the physical project area noting the qualifying feature. (For example: note the adjacent terminal railroad) *


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Will you be providing an address or GPS coordinates (Latitude & Longitude) for the physical project location. *

- ☐ Physical Address
☐ Latitude & Longitude

Project Physical Address (may be different than the eligible entity's physical address)

Street Address	
Street Address Line 2	
City	State / Province
Postal / Zip Code	

Latitude

Longitude



Project Benefits

Please note that funds are limited and applications will be evaluated based on highest net benefit to Oklahoma. While the following questions are not required for the submission of this application they will be used to assess the net benefit to the state.

In the event the program becomes oversubscribed the responses to the following questions will be used to determine which applicants are awarded funds from this program.

Will the project involve new job creation?

- ☐ Yes
- ☐ No

How many jobs are anticipated to be created by the project?

What is the time frame for new job creation?

- ☐ Less than 1 month
- ☐ 1-3 months
- ☐ 3-6 months
- ☐ More than 6 months

What is the anticipated average annual wage of new jobs?

For jobs created, will the company provide a health plan?

- ☐ Yes
- ☐ No

Is the completion of this project expected to increase annual sales?

- ☐ Yes
- ☐ No



Please provide a spreadsheet with annual sales projections anticipated upon the completion of this project.



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Are there any other project benefit(s) you would like to include for consideration? (For example: entering new markets, diversifying, strengthening or shortening supply chains, etc.)

☐ Yes

☐ No

Please describe how an award would lead to this project benefit(s)?



Affiliates

An eligible entity that is awarded Strategic Industrial Development Enhancement Tax Credits may assign unused tax credits to a qualifying project affiliate. A qualifying project affiliate may include customer, vendor, project investor, or strategic finance partner of the eligible entity subject to the Oklahoma Corporate or individual income tax.

The eligible taxpayer and the qualifying project affiliate must jointly file a copy of the written assignment agreement with the Oklahoma Tax Commission within thirty (30) days of the assignment.

Does the eligible entity anticipate transferring credits to a qualifying project affiliate(s)? *

- ☐ Yes
- ☐ No
- ☐ Unknown

Please select the type of affiliate(s). Select all that apply.

- ☐ Customer
- ☐ Vendor
- ☐ Project Investor
- ☐ Strategic Finance Partner



Certification and Legal Authority

Upload signed program agreement. *


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Acceptance of Program Participation Rules

I affirm that I understand that to be considered for participation in the program:

- To qualify, no money can be spent toward the new project prior to receiving an award letter from the Oklahoma Department of Commerce.
- That the company applying is in good standing with the Oklahoma Tax Commission.
- The submission of this application does not guarantee an allocation of Strategic Industrial Development Enhancement Tax Credits.

By checking the box below, you are affirming that you agree to the aforementioned program requirements. *

☐ I affirm

Terms and Conditions

I, the undersigned, hereby certify that this application is (a) complete; (b) contains no misrepresentation and is accurate and correct in all facts to the best of the signatory's knowledge based on information provided by the company; (c) may be relied upon as a true representation of the nature of the project. I further certify that all subsequent documentation shall also be accurate, correct, and void of misrepresentation. This document has been duly authorized by the governing body of the applicant.

The company, guarantors, and others required to submit proprietary information and financial disclosures through the sponsor are, by the act of applying for assistance, authorizing the distribution of the information to such persons as may be required for the review, approval, and administration of the expenditure. They are also authorizing reference and background investigations, and inquiries into their credit.

Terms and Conditions: *

☐ I agree



Authorized Sponsor Representative: *

First Name

Last Name

Authorized Sponsor Representative Title: *

An authorized representative is an officer, director or owner of the company.

I, the undersigned, hereby certify that I am an Authorized Sponsor Representative have authority from eligible companies to submit this application on behalf of the eligible company.

*

☐ I affirm

Signature of Authorized Sponsor Representative *

Sign Here

Clear



Appendix D: Agreement for Potential Participation



Agreement for potential Participation in the 2026 Strategic Industrial Development Enhancement Program

I, the undersigned, represent a Sponsor that is applying on behalf of an eligible entity ("the Entity") for the 2026 STRATEGIC INDUSTRIAL DEVELOPMENT ENHANCEMENT Program ("the Program"). To ensure that the Entity qualifies for the Program, I hereby swear or affirm that the following is true and correct to the best of my information and belief:

1. I have the authority to submit information in conjunction with the Entity and that the Entity meets program requirements as set forth in the Program Rules and Procedures ("Program Rules").
2. All information provided as part of the application for the Program, including but not limited to: information concerning the project location, creation/retention of jobs, the amount of capital expenditure to be made by the Entity toward the project is accurate.
3. Other than construction estimates, engineering studies, or environmental studies, the project for which the Entity is seeking funds has not begun and will not begin prior to receiving a determination letter from the Oklahoma Department of Commerce.
4. I understand that in determining the benefit to the State of Oklahoma only future costs and expenditures of the Entity will be considered.
5. I understand that if the Entity has provided false information during the application process, whether intentional or unintentional, the Entity may not participate in the Program.
6. I have read and understand the Program Rules and the Entity I represent agrees to follow all rules and procedures in that document.
7. I understand and agree that the Program Rules as well as this agreement shall be attached to and otherwise made part of any contract entered on behalf of the Entity for participation in the Program.
8. I understand that SIDE Act tax credits may be utilized in combination with other incentives for the same project as long as the total value of the incentives do not exceed the total cost of the project.
9. The Entity will invite the Oklahoma Department of Commerce to any ceremonial events related to the project (e.g., ground breakings, ribbon cuttings, etc.) during the years of participation in the Program.
10. The Entity will provide brief quarterly status updates with photos beginning at the start of construction and concluding at the completion of the project.
11. The Entity will report information to the Oklahoma Department of Commerce during the years of participation in the Program which will include information to assess program effectiveness. This may include, but is not limited to, funds invested, names of affiliates, use of the tax credit and any other information needed to assess the Program's effectiveness.



Project Sponsor Organization:

Signature: _____

Print Name: _____

Sponsor Org.: _____

Title: _____

Date: _____

Eligible Entity:

Signature: _____

Print Name: _____

Entity: _____

Title: _____

Date: _____

Oklahoma Department of Commerce
900 N. Stiles Avenue.
Oklahoma City, OK 73104



Appendix E: IMPLAN Methodology

The economic impact software used to determine the multiplier effects is IMPLAN (**IM** pact Analysis for **PLAN**ning), 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.



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 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 reflect a combination of property and personal property taxes paid by both businesses and households.

Additional Tables, 2023-2025.

Total	Employment	Labor Income	Value Added	Output
1 - Direct	2,442	\$182,647,097	\$213,800,223	\$498,467,776
2 - Indirect	789	\$60,600,432	\$103,823,816	\$214,081,238
3 - Induced	893	\$49,877,627	\$96,304,554	\$169,039,201
Total	4,124	\$293,125,157	\$413,928,593	\$881,588,215

2023 Total	Employment	Labor Income	Value Added	Output
1 - Direct	892	\$60,329,673	\$76,488,384	\$175,588,412
2 - Indirect	284	\$20,180,832	\$36,116,985	\$74,287,713
3 - Induced	313	\$17,045,725	\$33,111,673	\$57,542,021
Total	1,489	\$97,556,230	\$145,717,042	\$307,418,145

2024 Total	Employment	Labor Income	Value Added	Output
1 - Direct	920	\$77,014,041	\$86,589,664	\$204,961,252
2 - Indirect	341	\$26,891,224	\$45,775,836	\$92,285,686
3 - Induced	371	\$20,967,528	\$40,356,994	\$71,205,680
Total	1,632	\$124,872,792	\$172,722,494	\$368,452,618

2025 Total	Employment	Labor Income	Value Added	Output
1 - Direct	630	\$45,303,384	\$50,722,175	\$117,918,111
2 - Indirect	164	\$13,528,377	\$21,930,995	\$47,507,840
3 - Induced	210	\$11,864,375	\$22,835,888	\$40,291,501
Total	1,003	\$70,696,135	\$95,489,057	\$205,717,452

