



# INCENTIVES

Pro-business, Pro-success,  
Pro-**you.**

**OKLAHOMA**  
DEPARTMENT OF COMMERCE



# State of Motivation

Oklahoma is globally recognized for its outstanding incentive programs and pro-business environment.



## COMPETITIVE COST OF BUSINESS

Oklahoma ranked #1 in the nation for lowest cost of doing business in CNBC's America's Top States for Business 2014. Factors considered included utility and wage costs, as well as states' tax climates.



## CENTRALLY LOCATED

Our central location in North America with connections by rail, water, air and road makes Oklahoma easily accessible to more than 80 million people in a 500-mile radius.



## EDUCATED WORKFORCE

Oklahoma's network of 68 higher education and advanced technological training institutions develops a prepared workforce for business.



## A HIGHER QUALITY OF LIFE

Oklahoma's low cost of living means you can have more for less here. A larger home, a nicer car, more vacation dollars, more nights out-on-the-town and a more profitable investment portfolio.

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**We work very hard to be customer-focused, and we consider our employers - our businesses - to be the customers of our state.** We want to do everything we can to create the very best business climate so that businesses can grow, expand or even relocate to the state.

**- OKLAHOMA GOVERNOR  
MARY FALLIN**



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# Quality Jobs Incentives



Oklahoma's successful Quality Jobs incentive program promotes job growth and helps improve your company's bottom line by injecting cash back into your business as you expand and create new jobs in Oklahoma. The Quality Jobs program provides a cash rebate to companies that create well-paying jobs and promote economic development.

## 10-Year Cash Incentive

This program provides quarterly cash payments up to 5 percent of new payroll for up to 10 years. Companies must achieve an average wage threshold and \$2.5 million in new annual payroll within three years to qualify. Companies must offer basic health insurance to employees. In some cases, qualifying companies must also attain 75% out-of-state sales.

## Small Employer Program

This program provides quarterly incentive payments to a qualifying small employer (90 employees or less). Quarterly payments may be as much as 5% of new taxable payroll for up to 7 years. Qualifying payroll must be attributable to annual salaries that are at least 110% of the average wage of the county in which the jobs are located. Nearly all companies must attain 75% out-of-state sales.



## 21st Century Quality Jobs

This program is designed to attract growth industries and sectors to Oklahoma in the 21st century through a policy of rewarding businesses with a highly skilled, knowledge-based workforce. This incentive reduces out-of-state sales requirements from 75 to 50 percent for industries that are required to have out-of-state sales, and requires only 10 full-time jobs at an annual wage typically 300 percent of the county average wage. It also maximizes the eligible incentive by allowing a net benefit rate of up to 10 percent of payroll.

## Quality Jobs + Investment Tax Credits

These tax credits target manufacturing industries that have a large capital investment of at least \$40 million in addition to creating new jobs that pay higher than the state average wages. The credits also allow a five-year tax credit on the greater of 2 percent per year of investment in qualified new depreciable property or credit of \$1,000 per year per new job.

# Investment / New Jobs

## Tax Credit Package

This tax credit provides growing manufacturers with a substantial tax credit based on either an investment in depreciable property or on the addition of full-time-equivalent employees engaged in manufacturing, processing or aircraft maintenance.

- Choice of tax credit based on investment or new employees.
- Five-year state tax credit on the greater of 1 percent per year of investment in new depreciable property or \$500 per new job.
- Credit doubles to 2% or \$1,000 per employee in Enterprise Zones or for investments of \$40 million.
- Minimum investment of \$50,000.
- May be combined with Quality Jobs under certain circumstances.

# Aerospace Industry Engineer

## Workforce Tax Credit

Aerospace companies hiring engineers in a variety of fields will receive a tax credit equal to 5% of the compensation paid to an engineer, and 10 percent if the engineer graduated from an Oklahoma college or university (up to \$12,500 per employee per year), plus another credit of up to 50 percent of the tuition reimbursed to an employee. Additionally, the engineer hired receives a tax credit of \$5,000 per year for 5 years.

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Oklahoma has a remarkable workforce; a supportive, stable political environment; and an excellent quality of life our employees appreciate... **The tax credit is an invaluable tool in the attraction and retention of employees with skills critical to the success of our customers, and to the health and viability of the industry as a whole.**

- STEVE HENDRICKSON,  
DIRECTOR OF GOVERNMENT OPERATIONS

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The Boeing logo, featuring a stylized globe icon to the left of the word "BOEING" in a bold, italicized, sans-serif font.

## Manufacturing Sales Tax Exemptions

Oklahoma has a comprehensive sales tax exemption for manufacturers who qualify for and obtain a Manufacturer's Sales Tax Exemption Permit (MSEP). The exemptions cover purchases of machinery and equipment, energy and tangible personal property used in design, development and the manufacturing operation at the manufacturing site.

## Five-Year Ad Valorem Tax Exemption

A qualifying manufacturing company can abate ad valorem taxes upon new, expanded or acquired manufacturing facilities and equipment for a period of five years. This incentive is available for manufacturing, research and development, warehouse and distribution, certain computer/data processing services, refinery and aircraft repair.

# Economic Development Pooled Financing

A financing incentive that targets job creation and retention along with infrastructure development, this incentive is available to existing Oklahoma businesses that plan to expand and to new businesses entering the state. The award is in the form of an annual cash payment to assist the company with investment in building, machinery, or equipment. Key drivers of a project under consideration for the award are capital investment, retained jobs, new jobs and wage levels.

# Customized Employee Training

## Training for Industry Program (TIP)

Every business is different. That's why we have flexible programs to meet your needs. Whether you're a new or expanding company in our state, our nationally acclaimed Training for Industry Program (TIP) can help you create the quality workforce you need to be successful, all at little or no cost to you. TIP is delivered through Oklahoma's system of 59 technology center campuses across the state. Some of the services we provide under TIP include job analysis, training needs assessment, pre-employment training, pre-production training, post-production training, instructional materials and development, and more.

# Additional Incentives

Credits and programs to boost your bottom line



## Community Incentive for Locating and Expanding Businesses

Grants of up to \$500,000 are available to Oklahoma communities to assist companies in business expansion, or up to \$1 million for communities to assist new out-of-state companies who are moving their business to Oklahoma. Companies must pay at least 110 percent of the average county wage for all new jobs. At least 51 percent of the new jobs must be made available to low and moderate income persons.

- **CDBG/EDIF**
- **Tax Increment Financing**
- **Local Incentives**

## Foreign Trade Zones (FTZ)

The benefits of operating within a designated site licensed by the Foreign Trade Zones Board are many. At the very least, a FTZ can help you defer paying duties. More often, the company pays lower costs, not only to U.S. Customs, but to its bank, insurance company and other vendors.

## New Market Tax Credits

To spur private investment in low-income urban and rural communities, investors receive a 39 percent federal tax credit.



## **Industrial Access Road Assistance**

Designed to provide assistance to local industrial development efforts by funding, within practical limitations, access facilities connecting a specific industry or industrial area directly to the state or local road system.

## **Freeport Inventory Benefits**

Exempts from taxation goods, wares and merchandise that come from outside the state and leave the state within nine months if such goods, wares and merchandise are held for assembly, storage, manufacturing, processing or fabricating purposes within the state.

## **American Indian Lands Tax Credit**

Because of the state's unique Native American heritage, two-thirds of Oklahoma locations qualify for special federal tax treatment. Businesses locating or expanding in these areas benefit with up to 40% federal accelerated depreciation and up to \$4,000 federal tax credit per qualifying employee.

*Disclaimer: This incentive expired on December 31, 2014. Congress must renew in 2015.*



# Oklahoma is Ready for Your Business

Find your state of success with Oklahoma's pro-business programs. The Oklahoma Team stands ready to quickly develop an individualized plan of action to help you make the most of the state's aggressive incentive programs and competitive cost of doing business. **Contact us today to get started on your no-cost customized sample incentive analysis.**



## THE STATE OF SUCCESS

Ready to join the State of Success?

**OKCOMMERCE.GOV | 800-588-5959**

