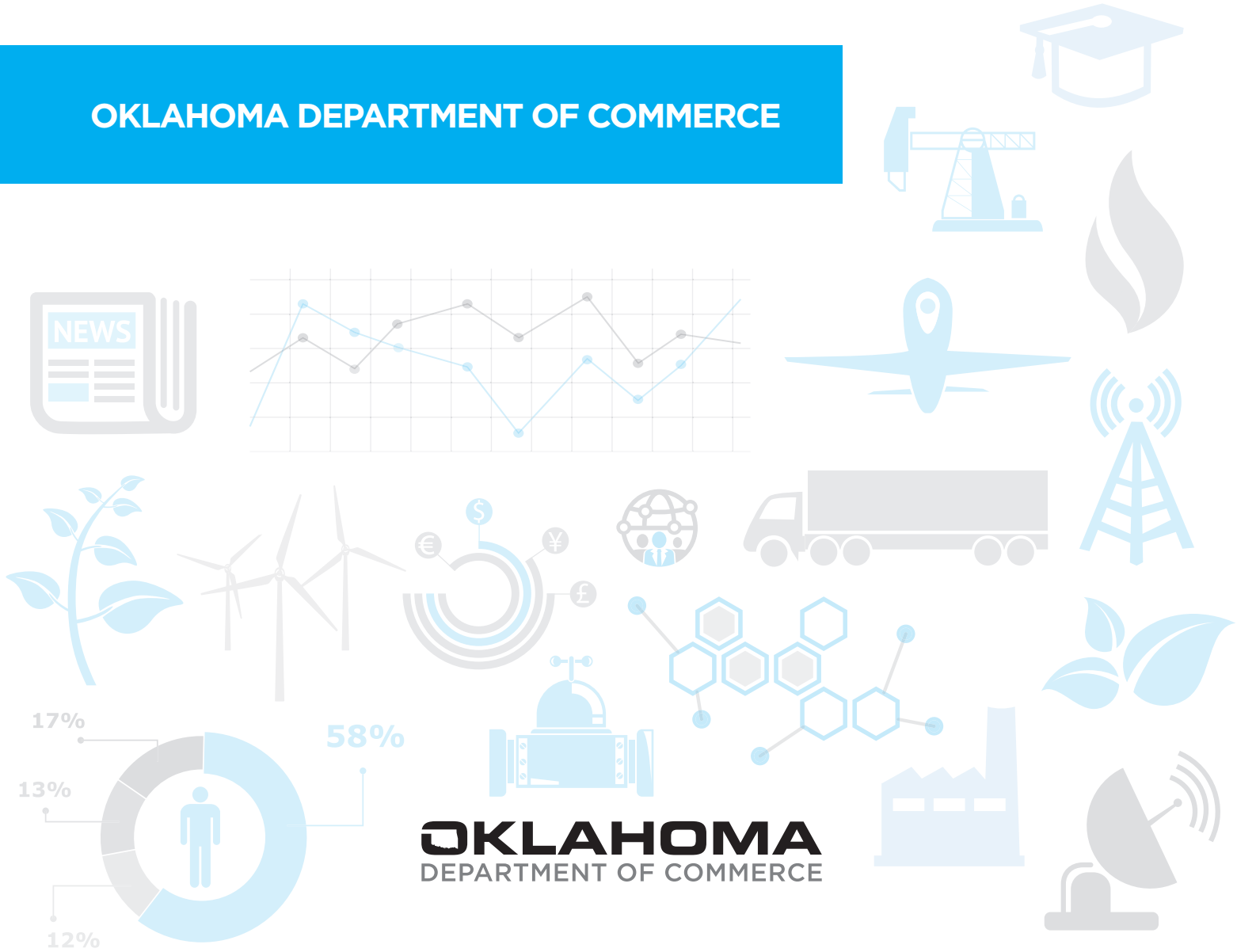
Oklahoma Business Incentives & Tax Guide

OKLAHOMA DEPARTMENT OF COMMERCE



OKLAHOMA
DEPARTMENT OF COMMERCE

Oklahoma Business Incentives and Tax Guide for Fiscal Year 2017

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WHAT'S NEW IN THE OKLAHOMA BUSINESS INCENTIVES AND TAX GUIDE FOR FISCAL YEAR 2017

Welcome to the 2017 Oklahoma Business Incentives and Tax Information Guide. The rules, legislation and appropriations related to taxes and incentives are very dynamic, and as changes occur, this Tax Guide will be updated. Please refer often to this on-line tax guide, as well as the various included hyperlinks, to get the most current information.

MAJOR FINANCIAL AND PROPERTY TAX INCENTIVES

(Cash Payment Rebates)

The Oklahoma Quality Jobs Program

(68 O.S. § 3601)

The Oklahoma Quality Jobs Program serves as an incentive for companies to expand or relocated jobs to Oklahoma by providing a rebate of a portion of newly created payroll in the state. The program induces the creation of well-paid jobs and promotes economic development. Companies may receive benefits during the first three years of participation while working to achieve the required payroll threshold for full qualification.

Benefits:

- Cash payments of up to 5% of new taxable payroll for up to 10 years.

Requirements:

- Company must be in a qualifying industry as noted by NAICS description.
- Must pay newly created jobs equal to the average county wage or the state threshold wage, whichever is lower.
- Company must achieve $2.5M new annual taxable payroll within 3 years.
- Must offer basic health insurance to employees within 180 days of employment. Employee must not pay any more than 50% of the premium.
- May be combined with Investment/New Jobs Tax Credit under certain circumstances ($40 million or more in investment within 3 years).
- Up to 6% rebate if at least 10% of new payroll is comprised of qualified military veterans.

Veterans Inclusion

Many industries, particularly in aerospace and defense which are part of Oklahoma's economic engine, pay higher than average wages and also employ a high percentage of veterans. An incentive that rewards companies for investing in a veteran labor force would increase the competitiveness of the state to attract expansion and location of new jobs. By effect, this would increase the number of jobs available for and supportive of veterans. This also provides for a higher benefit payout if payroll of new jobs is comprised of a minimum of 10% veterans' payroll.

Claw Back Provision

A company that participates in the Quality Jobs Program but fails to maintain a business presence in the state within 3 years of start date must repay all program benefits that they received and may not re-apply for the program for one year following dismissal.

Payroll Threshold Requirement

A lower annualized payroll threshold of $1.5 million may apply to the following applicants:

- Food processors with 75% out-of-state sales –See NAICS Nos. 3111 through 3119.
- Firms performing Research, Development, and Testing Services – See NAICS Nos. 541710 and 541380.
- Auxiliary Research and Development Labs of large enterprises.
- Relocations on select former military bases.

A lower threshold of $1 million in new annualized payroll for companies in the Quality Jobs Program is available to businesses that produce new direct jobs to the State that are equal to or greater than 1% of the total labor force of the county in which they locate. The payments, which are set at 2.5% of new qualified payroll, may extend for up to six years instead of 10 years as set out in the original program.

In addition, a *no payroll threshold* applies to companies locating on a site consisting of at least 10 acres that is also a Superfund renewal site or listed on the National Priorities List. Sites may still qualify if not on the list if they have been formally deferred to the State, or if they are being remediated pursuant to a clean-up plan approved by the Department of Environmental Quality.

The Department of Environmental Quality notifies the Oklahoma Department of Commerce of the qualifying areas and companies.

Quality Jobs Program Qualifying Basic Industries include the following:

Manufacturing –
Industries classified under NAICS Manual Nos. 31, 32, 33, 5111 or 11331.

Research and Development and Testing Laboratories –
See NAICS Manual Nos. 541711, 541712 and 541380.

Central Administrative Offices, Corporate Offices and Technical Services -
See NAICS Manual Nos. 5611, 5612, 51821, 519130, 52232, 56142, 524291 and 551114.

Certain jobs related to the mining of oil and gas
See NAICS No. 2111, 213111, 213112 and 486.

Certain Warehouse/Distribution Operations –
Where 40% of inventory is shipped out of state.

Transportation by Air –
See NAICS Manual No. 4811 if corporate headquarters and some reservation activities are within the state or 75% of air transport sales are to out-of-state consumers.

Flight Training Services
See NAICS No. 611512.

Federal Civilian Workforce of the Federal Aviation Administration
Where jobs are migrating to Oklahoma from other Federal sites or expanding here.

Other Support Activities for Air Transportation
See NAICS Manual No. 488190.

Wind Power Electric Generation Equipment Repair & Maintenance
See NAICS Manual No. 811310.

Support Activities for Rail and Water Transport
See NAICS Manual Nos. 4882 and 4883.

Sports Teams & Clubs
See NAICS Manual No. 711211.

Services
This program also covers the following service companies if 75% of sales are out-of-state.

Motor Freight Transportation and Warehousing
See NAICS Nos. 493, 484, 4884-4889.

Arrangement of Passenger Transportation
See NAICS Nos. 561510 and 561599.

Transportation of Freight or Cargo
See NAICS No. 541614.

Certain Communications Services
See NAICS Nos. 51741 and 51791.

Certain Refuse Systems that distribute methane gas
See NAICS No. 5622.

Grocery Wholesale Distributing
See NAICS Nos. 4244 and 4245.

Insurance Carriers
See NAICS No. 5241.

Insurance Claims Processors Only
Included in NAICS Nos. 524210 and 524292.

Adjustment and Collection Services
See NAICS No. 561440 (75% of loans to out-of-state debtors).

Miscellaneous Equipment Rental
See NAICS No. 5324.

Computer Programming, Data Processing and Other Computer-Related Services
See NAICS Nos. 5112, 5182, 5191, 519130 and 5415.

Miscellaneous Business Services
See NAICS Nos. 561410, 56142 and 51911.

Offices of Real Estate Agents & Brokers
See NAICS No. 53120 (and 75% of transactions are out of state).

Medical and Diagnostic Laboratories
See NAICS No. 6215.

Engineering, Management and Related Services
See NAICS Nos. 5412, 5414-5417, 54131, 54133, 54136, 54137 and 541990.

Agricultural Production
See NAICS Nos. 112120.

Professional Organizations
See NAICS No. 813920.

Alternative Energy Structure Construction
See NAICS No. 237130.

Alternative Energy Equipment Installation
See NAICS Nos. 238160 and 238220.

Electric Service Companies –
The program also applies to electric services companies within NAICS Nos. 221111-221122 - Exempt Electric Wholesale Generators if 90% of energy input is consumed from in-state sources and 90% of sales are out-of-state.

Wired Telecommunications Carriers
See NAICS No. 517110.

Oil and Gas Operations
See NAICS No. 213112.

Securities, Commodity Contracts, and Other Investment Activities
NAICS Industry Subsector No. 523.

Transportation and Warehousing Activities
NAICS Industry Subsector No. 482.

For more information, contact the Oklahoma Department of Commerce at (800) 879-6552 or **info@okcommerce.gov**. Program Guidelines for the Quality Jobs Program may be found on the Oklahoma Department of Commerce website at **Quality Jobs Guidelines**. These Guidelines contain the formal application and required supporting documents necessary to apply. Technical assistance in completing the forms may be found there, as well.

Small Employer Quality Jobs Program

(68 O.S. § 3901)

The Small Employer Quality Jobs Program Allows qualifying small businesses (90 employees or less) to receive up to a 5% cash-back incentive for up to 7 years to locate or expand in Oklahoma. Qualifying payroll must be attributable to annual salaries that are 110% to 125% of the average wage of the county in which the jobs are located. Benefits are not payable until the participant has attained both the minimum number of new jobs and the required average wage.

Key elements of the program include:

- Cash payments of up to 5% of new payroll for up to 7 years.
- Must have 90 employees or less at the time of application.
- Must have an average of 90 employees or less over the past four (4) quarters at the time of application.
- Must create as few as 5 and as many as 15 new jobs minimum, based on the population of the community where the company is located
- Must pay the newly created jobs at 110% of the average county wage.
- Must have 75% out-of-state sales within one year of start date.
- Must offer basic health insurance within 180 days of employment. ***Employee must not pay any more than 50% of the premium.***

Small Employer Quality Jobs Program Qualifying Basic Industries include the following:

Manufacturing
Industries classified under NAICS Nos. 31, 32, 33, 5111 and 11331.

Research and Development and Testing Laboratories –
See NAICS Nos. 541711, 541712 and 541380.

Central Administrative Offices, Corporate Offices and Technical Services -
See NAICS Nos. 5611, 5612, 51821, 519130, 52232, 56142, 524291 and 551114**.**

Certain Warehouse/Distribution Operations –
Where 40% of inventory is shipped out of state.

Transportation by Air –
See NAICS No. 4811 if corporate headquarters and some reservation activities are within the state or 75% of air transport sales are to out-of-state consumers.

Flight Training Services
See NAICS No. 611512.

Other Support Activities for Air Transportation
See NAICS No. 488190.

Wind Power Electric Generation Equipment Repair & Maintenance
See NAICS No. 811310.

Support Activities for Rail and Water Transport
See NAICS Manual Nos. 4882 and 4883.

Services
The program also covers the following service companies if 75% of sales are out-of-state.

Motor Freight Transportation and Warehousing
See NAICS Nos. 493, 484, 4884-4889.

Arrangement of Passenger Transportation
See NAICS Nos. 561510 and 561599.

Transportation of Freight or Cargo
See NAICS No. 541614.

Certain Communications Services
See NAICS Nos. 51741 and 51791.

Certain Refuse Systems that distribute methane gas
See NAICS No. 5622.

Grocery Wholesale Distributing
See NAICS Nos. 4244 and 4245.

Insurance Carriers
See NAICS No. 5241.

Insurance Claims Processors Only
Included in NAICS Nos. 524210 and 524292.

Adjustment and Collection Services
See NAICS No. 561440 (75% of loans to out-of-state debtors).

Miscellaneous Equipment Rental
See NAICS No. 5324.

Computer Programming, Data Processing and Other Computer-Related Services
See NAICS Nos. 5112, 5182, 5191, 519130 and 5415.

Miscellaneous Business Services
See NAICS Nos. 561410**,** 56142, 51911 and 813920.

Medical and Diagnostic Laboratories
See NAICS No. 6215.

Engineering, Management and Related Services
See NAICS Nos. 5412, 5414-5417, 54131, 54133, 54136, 54137 and 541990.

Animal Production
See NAICS Nos. 112120.

Alternative Energy Structure Construction
See NAICS No. 237130.

Alternative Energy Equipment Installation
See NAICS Nos. 238160 and 238220.

For more information, contact the Oklahoma Department of Commerce at (800) 879-6552 or **info@okcommerce.gov**. Program Guidelines for the Small Employer Quality Jobs Program may be found on the Oklahoma Department of Commerce website at **Small Employer Quality Jobs Guidelines**. These Guidelines contain the formal application and required supporting documents necessary to apply. Technical assistance in completing the forms may be found there, as well.

Automatic 5% Areas for Oklahoma Quality Jobs Program

The Oklahoma Quality Jobs Act and the Oklahoma Small Employer Quality Jobs Act offer specific benefits for companies locating in certain economically distressed geographic areas.

For the Quality Jobs Program, companies locating in "Automatic 5% Counties" may qualify for a 5% net benefit rate. Within "Opportunity Zones", in addition to a 5% net benefit rate, average wage requirements may be waived in the Quality Jobs Program. Other thresholds will still need to be met in order for a company to qualify for the Quality Jobs Program.

Generally, an Automatic 5% County is:

1) Reviewed once every year.
2) Includes all areas within a County where:
    a. The County's Per Capita Income is 15% or more below the Oklahoma Per Capita Income, OR
    b. The County as a whole has experienced a decrease in population over the last 10 years, OR
    c. The County's unemployment rate exceeds the lesser of 5% or 2 percentage points above the state average unemployment rate.
3) The legal definition of an Opportunity Zone can be found in **Oklahoma Statutes Title 68, Section 3604 Definitions**, but generally an Opportunity Zone includes individual Census Tracts where: 30% or more of the population lives below poverty.

If you have questions about which areas in Oklahoma qualify as Automatic 5% Counties or as Opportunity Zones, contact Lesli Crofford with the Oklahoma Department of Commerce by e-mail at **lesli.crofford@okcommerce.gov** or by phone at (405) 815-5120.

The areas designated as Automatic 5% Counties under this section are reviewed annually and may change from year to year. Qualifying Counties can be found in the online map located at: **OK 5% Areas**.

For more information, contact the Oklahoma Department of Commerce at (800) 879-6552 or **info@okcommerce.gov**. Program Guidelines for the Quality Jobs Program may be found on the Oklahoma Department of Commerce website at **Quality Jobs Guidelines**. These Guidelines contain the formal application and required supporting documents necessary to apply. Technical assistance in completing the forms may be found there, as well.

The 21st Century Quality Jobs Program

(68 O.S. § 3911)

This incentive was created 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. It also maximizes the eligible incentive payment by incorporating expanded state benefits by allowing a net benefit rate of up to 10% of payroll.

- Requires at least 10 full-time jobs at an annual average wage of the lesser of $95,243 or 300% of the county's average wage.
- Allows a net benefit rate of up to 10% of payroll for up to 10 years.
- Out-of-state sales must be at least 50% for most participants.
- Companies may receive reduced benefits for jobs/wages less than the 10 required while they work towards full qualification, so long as the required average wage is met.
- Target Industries:
  - Knowledge-based service industries, including professional, scientific and technical services; music, film and performing arts; and specialty hospitals.

A state wage of $95,243, which is indexed every year, treats the program similarly as the Quality Jobs Program, which requires the wages to be the lower of the average county wage or the state index wage.

For more information, contact the Oklahoma Department of Commerce at (800) 879-6552 or **info@okcommerce.gov**. Program Guidelines for the 21st Century Quality Jobs Program may be found on the Oklahoma Department of Commerce website at **21st Century Quality Job Guidelines**. These Guidelines contain the formal application and required supporting documents necessary to apply. Technical assistance in completing the forms may be found there, as well.

21st Century Quality Jobs Program Qualifying Basic Industries include the following:

Manufacturing
Industries classified under NAICS Nos. 31-33, 5111 or 11331.

Research and Development and Testing Laboratories
See NAICS Nos. 541711, 541712 and 541380.

Central Administrative Offices and Research and Development and Testing Divisions of other establishments or enterprises
See NAICS Nos. 5611, 5612, 51821, 519130, 52232, 56142, 524291 and 551114.

Certain Warehouse/Distribution centers
See NAICS No 42 where at least 40% of inventory is shipped out-of-state.

Transportation by Air
See NAICS No. 48 if corporate headquarters and some reservations activities are within the state or 75% of air transport sales are to out-of-state consumers.

Wind Power Electric Generation Equipment Repair & Maintenance
See NAICS No. 811310.

Flight Training Services
See NAICS No 611512.

Other Support Activities for Air Transportation
See NAICS No. 488190.

Services - The following Service Companies if 50% of the sales are out-of-state.

Motor Freight Transportation and Warehousing
See NAICS Nos. 493, 484, 4884-4889.

Arrangement of Passenger Transportation
See NAICS Nos. 561510 and 561599.

Transportation of Freight or Cargo
See NAICS No. 541614.

Certain Communication Services
See NAICS Nos. 51741 and 51791.

Certain Refuse Systems that distribute methane gas
See NAICS No. 5622.

Grocery Wholesale Distributing
See NAICS Nos. 4244 and 4245.

Insurance Carriers
See NAICS No. 5241.

Insurance Claims Processors only
See NAICS Nos. 524210 and 524292.

Adjustment and Collection Services
See NAICS No. 561440 (50% of loans to out of state debtors)

Miscellaneous Equipment Rental
See NAICS No. 5324.

Computer Programming, Data Processing and Other Computer-Related Services
See NAICS Nos. 5112, 5182, 5191 and 5415.

Miscellaneous Business Services
See NAICS Nos. 561410, 56142 and 519110.

Medical and Diagnostic Laboratories
See NAICS No. 6215.

Engineering, Management and Related Services
See NAICS Nos. 5412, 5414, 5415, 5416, 5417, 54131, 54133, 54136-54137 and 541990.

Agricultural Production
See NAICS No. 112120.

Alternative Energy Structure Construction
See NAICS No. 237130.

Alternative Energy Equipment Installation
See NAICS Nos. 238160 and 238220.

Professional Organizations
See NAICS No. 813920.

Electric Service Companies
The program also applies to electric services companies within NAICS Nos. 22111-221122 – Exempt Electric Wholesale Generators if 90% of energy input is consumed from in-state sources and 90% of sales are out-of-state.

Additional codes added for the 21st Century Quality Jobs Program *only:*

Specialty Hospitals -
See NAICS No. 62231 (no out-of-state sales requirements).

Performing Arts Companies
See NAICS No. 7111 (no out-of-state sales requirements).

The following qualifying NAICS codes must meet a 50% out-of-state sales requirement:

Heavy and Civil Engineering Construction -
See NAICS No. 237.

Motion Picture and Video Industries -
See NAICS No. 5121.

Sound Recording Industries
See NAICS No. 5122.

Securities, Commodity Contracts, Financial Investments & Related Activities -
See NAICS No. 523.

Insurance Carriers and Related Activities -
See NAICS No. 524.

Funds, Trusts, and other Financial Vehicles -
See NAICS No. 525.

Professional, Scientific, and Technical Services -
See NAICS No. 5411**,** 5412**,** 5413**,** 5414**,** 5418 and 5419.

For more information, contact the Oklahoma Department of Commerce at (800) 879-6552 or **info@okcommerce.gov**. Program Guidelines for the 21st Century Quality Jobs Program may be found on the Oklahoma Department of Commerce website at **21st Century Quality Jobs Guidelines**. These Guidelines contain the formal application and required supporting documents necessary to apply. Technical assistance in completing the forms may be found there, as well.

Oklahoma Quality Events Program

(68 O.S. § 4302)

The State of Oklahoma has a legitimate interest in economic development related to the occurrence of quality events, and the Legislature finds that the use of state sales tax revenues authorized by this act provides a method by which the state can compete successfully in a national and global economy against other jurisdictions offering similar incentives for such events.

The Quality Events Incentive Act was enacted July 1, 2012 and created the Oklahoma Quality Events Program which allows communities to recapture eligible expense for hosting a Quality Event. A "Quality Event" is defined as a new event or a meeting of a nationally recognized organization or its members.

Legislation enacted in 2014 amends the Act as follows:

- Extends from June 30, 2015 to June 30, 2018 the sunset date of the Act.
- Modifies the determination of "incremental sales tax revenues" to no longer be based on a month to month comparison of state sales tax remittances in a quality event area during a revenue capture period but instead is to be comprised of additional state sales tax revenues collected as a result of the quality event as determined by an economic impact study verified by the Tax Commission. Consistent with this change, the definitions of "state sales tax revenue" and "vendors" were also amended.
- Removes the requirement that the analysis contained in the economic impact study be tied to a quality event area designated by the local community.
- Removes the condition that the local community provide for a "quality event area" and "revenue capture period" when adopting an ordinance to designate a quality event. Instead the community must now provide in the ordinance, dates during which the quality event will occur.
- Adds the provision that after conclusion of the event, the community must provide to the Tax Commission information related to the event, such as attendance figures, financial information or other public information held by the community that the Tax Commission considers necessary to evaluate the actual economic impact of the event.

For more information or to make an application, contact the Oklahoma Tax Commission at **helpmaster@oktax.state.ok.us.**

ECONOMIC DEVELOPMENT & INFRASTRUCTURE FUNDING

Oklahoma Quick Action Closing Fund

(62 O.S. § 48.2)

In the 2013 legislative session the budget agreement included appropriating $3,000,000 to the Oklahoma Quick Action Closing Fund. The fund is to be used for economic development and related infrastructure development when expenditure of funds is likely a determining factor in locating a high-impact business. This is an important job creation tool that will help Oklahoma recruit new businesses and retain existing businesses.

The Oklahoma Quick Action Closing Fund can be expended by the Governor for economic development and related infrastructure development to locate or retain a high-impact business project or facility in Oklahoma.

The business making an application must be engaged in a business activity that is eligible for Oklahoma Quality Jobs Program Act incentive payments (68 O.S. § 3603) or in a "basic industry" as set forth in the 21st Century Quality Jobs Incentive Act (68 O.S. § 3913).

The Oklahoma Department of Commerce is responsible for the administration of the Oklahoma Quick Action Closing Fund. The application will be made available once funds are appropriated to the Oklahoma Quick Action Closing Fund by the Oklahoma Legislature.

Oklahoma Community Economic Development Pooled Finance

(62 O.S. § 891.1)

The Oklahoma Community Economic Development Pooled Finance incentive targets business expansion projects which include job creation and significant investment in facilities, machinery, and equipment. With a $200 million capacity, this incentive is comprised of two funding options: Company-Purchased Debt option and a Public Finance Debt option. Their makeup is as follows:

Company-Purchased Debt Option:

A for-profit entity in conjunction with one or more units of local government may make application to the Oklahoma Department of Commerce. The application must move through a competitive scoring process and requires a letter of determination from the Oklahoma Department of Commerce that the project is net benefit positive for the state. If awarded funds, the for-profit entity works through the approval process of the Oklahoma Development Finance Authority (ODFA) to finalize the incentive agreement.

The incentive is in the form of annual cash payments from the State of Oklahoma which are due on a Promissory Note issued by ODFA. Debt (Promissory Note) issued from the Economic Development Pool may be paid from withholdings taxes, and other revenue, at the for-profit entity benefitted by the financing.

Public Finance Option:

A for-profit entity in conjunction with one or more unit of local government may make application to the Oklahoma Department of Commerce. The application must move through a competitive scoring process and requires a letter of determination from the Oklahoma Department of Commerce that the project is

net benefit positive for the state. Complete financial information for three years prior, detailed business plan, detailed budget for expansion project, and other financial information may be required. If awarded funds, the for-profit entity works through the approval process of the Oklahoma Development Finance Authority (ODFA) to finalize the private bond issuance.

The incentive is in the form of cash proceeds from the sale of the private bonds, less the cost of issuance. Debt issued from the Economic Development Pool may be paid from withholdings taxes, and other revenue, at the for-profit entity benefitted by the bond financing.

For debt obligations issued under the Oklahoma Community Economic Development Pooled Finance Act, there is a maximum maturity of 25 years and a maximum coupon rate of 14%. Sixty-five percent of the net proceeds from both the Infrastructure Pool and the Economic Development Pool shall be used by ODFA for municipalities that do not exceed 300,000 people. The remaining thirty-five percent may be used by the ODFA for any eligible local government.

Effective September 1, 2010 an evergreen clause permits the renewal of issuing capacity by ODFA.

The pooled finance statute is clear that a "business" that benefits from Pooled Finance cannot participate in Quality Jobs or claim Investment Tax Credit.

(The relevant section of the statute is as follows: 62 O.S. §891.12 (I) No for-profit business entity that benefits from proceeds of obligations issued by the Authority from the Economic Development Pool may receive or continue to receive incentive payments pursuant to the Oklahoma Quality Jobs Program Act or claim any investment tax credits otherwise authorized pursuant to Section 2357.4 of Title 68 of the Oklahoma Statutes during the period of time that any withholding taxes attributable to the payroll of such entity are being paid to the Community Economic Development Pooled Finance Revolving Fund or in any manner used for the payment of principal, interest or other costs associated with any obligations issued by the Authority pursuant to the provisions of this act.)

For information contact Martin Roberts with the Oklahoma Department of Commerce at (405) 990-9147 or **martin.roberts@okcommerce.gov**.

State Small Business Credit Initiative

The State of Oklahoma was awarded $13,168,350 by the U.S Treasury for the State Small Business Credit Initiative. The award will be used to make capital investment in new and expanding small businesses in Oklahoma. i2E will manage the funds on behalf of the State of Oklahoma. For more information please contact i2E at (405) 235-2305 or **www.i2e.org**.

TAX EXEMPTIONS AND CREDITS

Ad Valorem Exemption

(68 O.S. § 2902)

Except as otherwise provided by subsection H of Section 3658 of this title, the exemption authorized by this section may be claimed a qualifying manufacturing concern as defined by Section 6B of Article X of the Oklahoma Constitution. As further defined herein, new, expanded or acquired manufacturing facilities (including facilities engaged in research and development) shall be exempt from the levy of any ad valorem taxes, for a period of five (5) years.

The provisions of Section 6B of Article X of the Oklahoma Constitution (requiring an existing facility to have been unoccupied for a period of twelve (12) months prior to acquisition) shall be construed as a qualification for a facility to initially receive an exemption, and shall not be deemed to be a qualification for that facility to continue to receive an exemption in each of the four (4) years following the initial year for which the exemption was granted. Such facilities are hereby classified for the purposes of taxation as provided in Section 22 of Article X of the Oklahoma Constitution.

New and expanding manufacturers, research and development companies, computer services and data processing companies with significant out-of-state sales, aircraft repair companies, oil refineries, and certain wind power generators may be eligible for ad valorem tax exemptions for up to five years. **With the passing of SB498, Electric Wind Generation assets placed in service after 2016 will no longer be eligible for the program**.

Firms must make an annual application to the County Assessor by March 15th of the year in which the exemption is requested. Upon approval of the application, the state will reimburse tax dollars to local taxing jurisdictions, which they would have otherwise received. As a result, although application for the exemption is made to the County Assessor, Oklahoma Tax Commission personnel are involved in the final review to determine the exemption. It is the responsibility of a company to apply for the exemption each year by March 15th.

Ad Valorem Exemption for Warehousing and Distribution Facilities

(68 O.S. § 2902, B. 1. e)

e. establishments primarily engaged in distribution as defined under Industry Numbers 49311, 49312, 49313 and 49319 and Industry Sector Number 42 of the NAICS Manual, latest revision, and which meet the following qualifications;

(1) construction with an initial capital investment of at least Five Million Dollars ($5,000,000.00),
(2) employment of at least one hundred (100) full-time-equivalent employees, as certified by the Oklahoma Employment Security Commission,
(3) payment of wages or salaries to its employees at a wage which equals or exceeds one hundred seventy-five percent (175%) of the federally mandated minimum wage, as certified by the Oklahoma Employment Security Commission, and

(4) commencement of construction on or after November 1, 2007, with construction to be completed within three (3) years from the date of the commencement of construction.

For more information contact the Oklahoma Tax Commission, Ad Valorem Division at (405) 319-8200 or **otcmaster@tax.ok.gov**. For forms, visit **www.tax.ok.gov** or contact a local County Assessor to discuss what property may qualify for the exemption.

Exempt Inventory

(Art. 10, § 6A Okla. Const.) (68 O.S. § 2902.2)

Oklahoma's "Freeport Exemption" refers to the Oklahoma Constitutional provision contained in Oklahoma Constitution Article 10, Section 6A relating to property moving through the state and exempt from taxation goods, wares and merchandise held for assembly, storage, manufacturing, processing or fabricating purposes if not for more than nine (9) months. This exemption must be filed with the county assessor by March 15th as other exemption applications.

All tangible personal property is reported to the County Assessor no later than March 15th of each year by filing Form 901 – *Business Personal Property Rendition*. A Form 901-F - *Freeport Exemption Declaration* must be filed with the rendition if any inventory is claimed as nontaxable pursuant to the Freeport exemption.

For more information, contact the Oklahoma Tax Commission at (405) 319-8200 or **otcmaster@tax.ok.gov**.

Intangible Property

Effective January 1, 2013, intangible personal property shall not be subject to ad valorem tax or to any other tax in lieu of ad valorem tax within this State.

For more information, contact the Oklahoma Tax Commission at **otcmaster@tax.ok.gov.**

Aircraft Manufacturers Exemption License

(3 O.S. §§ 254 and 256.2)

Manufacturers of aircraft may purchase an exemption license of $250 in lieu of any ad valorem tax upon aircraft owned by the manufacturer. Each manufacturer of aircraft must pay a registration fee of $250 on each aircraft in the process of manufacture.

For more information, contact the Oklahoma Tax Commission at **otcmaster@tax.ok.gov**.

Local Incentive

*(62 O.S. § 860)**

Another method for companies to obtain ad valorem incentives or exemptions is for local taxing entities to designate Incentive Districts in the community and allow exemptions of some, or a portion of local taxes, by written agreement amongst all taxing units affected. The revenue is not reimbursed by the state using this method so the decision to allow the exemption is strictly a local one. The exemption is allowed

on new investment only and is not available to predominantly "retail" establishments, which by statutory definition do not include hotels or motels. Exemptions are for five years unless the business is located in an Enterprise Zone - then, the exemption may be for up to six years. It may be extended for the sixth year only by agreement of all local taxing entities. Companies enrolled in the five-year manufacturers exemption described in Section C.1 (68 O.S. § 2902) are not eligible for the local incentive, nor are companies relocating from within the state.

For more information contact the Oklahoma Tax Commission at (405) 521-3133 or **helpmaster@tax.ok.gov**. For forms, visit **www.tax.ok.gov**.

The Investment/New Jobs Income Tax Credit

*(68 O.S. § 2357.4)**

Investment/New Jobs Tax Credits provide growing manufacturers a significant 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. Participation in this benefit prohibits a manufacturer from participating in the Quality Jobs Program unless the manufacturer makes a qualifying capital investment in excess of $40 million.

Manufacturers that invest in qualified new depreciable property and also hire new employees may compute the five-year tax credit either:

A. By calculating 1% of the qualifying investment; or
B. By multiplying $500 per new employee, and then choosing whichever credit is larger.

Investment in depreciable property must equal at least $50,000, and the number of employees must not decrease as a result of the investment. Qualified property includes all machinery, fixtures and buildings, including warehousing or substantial improvements to buildings used in a manufacturing operation on a manufacturing site. Eligibility is initially determined each year by the taxpayer on its income tax return.

The credit is computed on a year-by-year basis. Therefore, a company that had qualified in one year for the credit based on new employees hired, but experiences a reduction in employment the next year, would still qualify for a partial credit, unless employment fell below the employment level for the year prior to the first year the credit was allowable. If, in later years, additional qualifying employees were added, a new base employment level would be calculated, and the new series of credits could be taken for the number of employees above that base level of employment.

The number of jobs may fluctuate if the credit is based on investment. However, a loss in number of jobs must not be attributable to the new investment.

Quality Jobs + Investment Tax Credits

(Effective February 1, 2013)

This incentive is available for manufacturers who have capital investments greater than $40 Million in addition to creating skilled jobs. The incentive lays the foundation for attracting "top-notch" companies to Oklahoma and demonstrates a policy of incentivizing businesses with large – greater than $40 million - capital investments that create jobs that pay higher than average wages.

Qualifying Requirements:

- Same as present Quality Jobs Program job creation requirements but the wages must be greater than the state's average wage. Average county wage requirements change every year at the same time as the Quality Jobs Program's wage;
- Capital investment must be greater than $40 million within three years of start date to qualify for Investment Tax Credits - a 2% tax credit per year for 5 years;
- With the ability to take both Quality Jobs and Investment Tax Credits incentives, the number of the Quality Jobs portion is equal to the calculated number;
- There are no automatic 5% areas;
- Companies may not exceed the 5% net benefit rate;
- Quality Jobs + Investment Tax Credits may not be combined with Small Employer Quality Jobs or 21st Century Quality Jobs;
- Only the manufacturing industries that presently qualify for Investment Tax Credits may qualify for this incentive.

SB 1582, which is effective as of November 1, 2016, amends 68 O.S. §2357.4 by limiting the amount of credit for various periods by implementing a $25 million annual cap for tax years beginning on or after January 1, 2016 and ending on or before December 31, 2018).

For more information contact the Oklahoma Tax Commission at (405) 521-3133 or **helpmaster@tax.ok.gov**. For forms, visit **www.tax.ok.gov.**

Aerospace Industry Engineer Work Force Tax Credit

(68 O.S. § 2357.301) ***This tax credit will sunset on December 31, 2017.***

Aerospace companies hiring engineers in a variety of fields will receive a tax credit equal to five (5) percent of the compensation paid to an engineer before January 1, 2018, or ten (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 fifty (50) percent of the tuition reimbursed to an employee before January 1, 2018. Additionally, the engineer hired receives a tax credit of $5,000 per year before January 1, 2018.

Federal Tax Incentives on Former Indian Reservation Lands

(26 I.R.C. §§ 45A, 168 [j]) (68 O.S. § 2358 [17]). ***This incentive expires December 31, 2016.*** (Congress would need to approve extension of the date).

Federal legislation clarifies the location of special American Indian lands in Oklahoma that qualify for related tax credits benefiting new and established businesses in Oklahoma.

More than two-thirds of the lands in Oklahoma meet the Internal Revenue Service-qualifying definition of former Indian lands and qualify for accelerated depreciation. Qualifying lands may include previous tribal land which may have been transferred to new ownership.

See searchable on-line map at: **Former Indian Lands**.

Alternative Energy Sources Tax Credits

This credit for manufacturers of small wind turbines has now sunset effective December 31, 2012.

Oklahoma encourages alternative, zero-emission fuel production by providing tax credits to producers of electricity utilizing such sources and to small wind turbine manufacturers. Tax credits accrue and may be claimed beginning January 1, 2011.

Credits may be earned for 10 years once production begins, and earned credits may be carried forward 10 years. Non-taxable electric producers may transfer the credits.

Legislation enacted in 2013 amended the credit for Electricity Generated by Zero-Emission Facilities as follows:

- Credits generated after December 31, 2013 will no longer be transferable.
- Extended the sunset date for 5 years for facilities placed in operation on or after January 1, 2007 and before January 1, 2016 to 2021.
- The ten year carryover provision for credits allowed but not used, will apply to credits generated prior to January 1, 2014.
- Credits generated on or after January 1, 2014 may be refundable at an amount equal to 85% of the eligible credit.

Effective change date: January 1, 2014.

For more information, contact the Oklahoma Tax Commission at (405) 521-3133 or **helpmaster@tax.ok.gov**. For forms, visit **www.tax.ok.gov.**

Insurance Premium Tax Credit

(36 O.S. § 625. 1)

Insurance companies that locate or expand regional home offices in Oklahoma and maintain an employee level above 200 are eligible for special tax credits against the tax imposed in the Insurance Code. Annual credits range from 15% to 50% based on the numbers of full time and year-round employees. This credit is not available to participants in the Quality Jobs Program.

For more information, contact Dwight DeJear at the Oklahoma Insurance Department at (405) 522-0891 or **dwight.dejear@oid.ok.gov**.

Clean Burning Fuel Vehicle Credit

(68 O.S. § 2357.22)

For tax years beginning before January 1, 2020, a one-time income tax credit is available for 45% of the incremental cost of purchasing a new original equipment manufacturer AFV or converting a vehicle to operate on an alternative fuel. The state also provides a tax credit for 10% of the total vehicle cost, up to $1,500, if the incremental cost of a new AFV cannot be determined or when an AFV is resold, as long as a tax credit has not been previously taken on the vehicle. Equipment used for conversions must be new and must not have been previously used to modify or retrofit any vehicle. The alternative fuels eligible for the credit are compressed natural gas, liquefied natural gas, hydrogen, and liquefied petroleum gas (propane). Tax credits may be carried forward for up to five years.

Clean Burning Fuel Vehicle Infrastructure Credit

(68 O.S. § 2357.22)

For tax years beginning before January 1, 2015, a tax credit is available for up to 75% of the cost of alternative fueling infrastructure. Eligible alternative fuels include compressed natural gas (CNG), liquefied natural gas, liquefied petroleum gas (propane), hydrogen, and electricity. The infrastructure must be new and must not have been previously installed or used to fuel alternative fuel vehicles. A tax credit is also available for up to 50% of the cost of installing a residential CNG fueling system, for up to $2,500. The tax credit may be carried forward for up to five years.

Legislation enacted in 2013 extends the one-time income tax credit for investments in qualified clean burning motor vehicle property from 2015 to 2020 and is effective November1, 2013.

Ethanol Fuel Retailer Tax Credit

(68 O.S. § 500.10-1)

Beginning January 1, 2006 retailers of ethanol-blended fuel (a blend of gasoline and ethyl alcohol consisting of not more than 15% ethyl alcohol by volume) may claim a motor fuel tax credit of $0.016 for each gallon of ethanol fuel sold in Oklahoma if the retailer provides a price reduction to the purchaser of the ethanol fuel in the same amount. This incentive is effective unless the federal government mandates the use of reformulated fuel in an area within the state of Oklahoma that is in non-attainment with the National Ambient Air Quality Standards.

INCOME TAX CREDITS AND EXEMPTIONS FOR INVESTORS

Technology Transfer Income Tax Exemption

(68 O.S. § 2358 [C])

The taxable income of any corporation is decreased for transfers of technology to qualified small businesses located in Oklahoma. The corporation transferring the technology is allowed an exemption from taxable income in the amount of the royalty payment received as a result of such transfer, provided that the exempted amount shall not exceed 10% of the amount of gross proceeds received by such corporation as a result of the technology transfer. "Gross proceeds" is defined as the total amount of consideration for the transfer, whether it is money or otherwise. This benefit lasts for 10 years from the date of the receipt of the first royalty payment accruing from such transfer.

For more information, contact the Oklahoma Tax Commission at (405) 521-3133 or **helpmaster@oktax.state.ok.us**. For forms, visit **www.oktax.state.ok.us**.

Income Tax Exemption for Interest Paid on Bonds Issued by or on Behalf of Public Agencies

(68 O.S. § 2358.5)

Interest payments received as a result of obligations issued by towns, cities, counties, Oklahoma educational institutions, or public trusts on behalf of towns, cities, counties, or Oklahoma educational institutions are not subject to Oklahoma income tax, unless such obligations are issued on behalf of nonprofit corporations.

Generally, interest payments on bonds issued by the Department of Transportation are also state income tax exempt.

For more information, contact the Oklahoma Tax Commission at (405) 521-3133 or **helpmaster@oktax.state.ok.us**. For forms, visit **www.oktax.state.ok.us**.

Historic Rehabilitation Tax Credit

(68 O.S. § 2357.41)

Allows a credit against tax imposed on qualified rehabilitation expenditures incurred in an incentive district created pursuant to the Local Development Act or for qualified rehabilitation expenditures incurred in connection with any certified historic hotel or historic newspaper plant building located in an increment or incentive district created pursuant to the Local Development Act or for qualified rehabilitation expenditures incurred after January 1, 2006, in connection with any certified historic structure. The amount of the credit shall be one hundred percent (100%) of the federal rehabilitation credit provided by Section 47 of Title 26 of the United States Code. The credits may be sold during the first five years after qualifying and may be carried forward a total of 10 years.

For more information, contact the Oklahoma Tax Commission at (405) 521-3133 or **helpmaster@oktax.state.ok.us** or **www.preservationok.org**.

INCOME TAX CREDITS AND EXEMPTIONS FOR ENTREPRENEURS

New Products Development Income Tax Exemption

(74 O.S. § 5064.7)

Royalty earned by an inventor from a product developed and manufactured in this state shall be exempt from state income tax for a period of seven (7) years from January 1 of the first year in which such royalty is received as long as the manufacturer remains in the state.

An instate manufacturer of a product developed in this state by an inventor shall be eligible for a tax credit, as provided for in Section 2357.4 of Title 68 of the Oklahoma Statutes. In addition, such manufacturer may be excluded from Oklahoma taxable income, or in the case of an individual, the Oklahoma adjusted gross income, sixty-five percent (65%) of the cost of depreciable property purchased and utilized directly in manufacturing the product. The maximum exclusion shall not exceed Five Hundred Thousand Dollars ($500,000).

To qualify for the incentives, the product shall be patented or have patent pending pursuant to federal law and shall be registered with the Oklahoma Center for the Advancement of Science and Technology (OCAST).

If the exclusion allowed exceeds the Oklahoma taxable income, or in the case of an individual, the Oklahoma adjusted gross income, the amount of the exclusion that is in excess of such income may be carried forward as an exclusion against subsequent Oklahoma taxable income or in the case of an individual, subsequent Oklahoma adjusted gross income, for a period not to exceed four (4) years.

For more information, contact Dan Luton at the Oklahoma Center for the Advancement of Science and Technology (OCAST) at (405) 319-8415 or **dan.luton@ocast.ok.gov**. The Oklahoma Tax Commission will determine the eligibility of the taxpayer for any Oklahoma tax credits or exemptions. Filing this document with OCAST does not guarantee receipt of any tax credit or exemption. All other qualifications must be met as determined by the Oklahoma Tax Commission. For eligibility requirements, contact (800) 522-8165.

Incubator Site Tenant Tax Exemption

(74 O.S. § 5078)

A business incubator site is a facility in which small businesses may rent space, and where management provides business development services such as financial consulting and marketing assistance. Sponsors of an incubator may be exempt from Oklahoma income taxes on income earned from rental fees, other income derived from services provided to the tenants, or for providing funding for an incubator site. This exemption is for 10 years from the date of the tenant's occupancy within an incubator. A sponsor must be a certified incubator with the Oklahoma Department of Commerce.

The tenant of a certified incubator, or its owner, is exempt from state tax liability on income earned as a result of activities conducted as an occupant in an incubator for up to 10 years from the occupancy date in an incubator site in accordance with rules of the Oklahoma Tax Commission. The exemption remains in effect after the date the tenant is no longer an occupant in an incubator, but not to exceed a total of 10

years. In order to qualify for the income tax exemption for the 6th through 10th year, the tenant must make at least 75% of its gross sales to buyers located outside the state or to the federal government.

For more information, contact Rana Steeds at the Oklahoma Department of Commerce at (405) 815-5143 or **rana.steeds@okcommerce.gov**.

The Work Opportunity Tax Credit Program (WOTC)

The Work Opportunity Tax Credit Program (WOTC) was designed to promote the hiring of target group individuals. The tax credit for WOTC is up to $2,400 for each new hire: 40% of qualified first-year wages for those employed 400 hours or more, 25% for those employed at least 120 hours. Qualified wages are capped at $6,000, Summer Youth wages are capped at $3,000, Long Term Family Assistance Recipients are capped at $10,000, Food Stamp Veteran wages are capped at $6.000, Disabled Veteran having aggregate unemployment for 6 months wages are capped at $24,000, Unemployed Veteran having aggregate unemployment for at least 4 weeks wages are capped at $6,000, and Unemployment Veteran having periods of unemployment of 6 months wages are capped $14,000.

The tax credit is as much as $1,200 for each Summer Youth hire, $2,400 for each new adult hire, $2,400 for each new hire Food Stamp Veteran, $4,800 for each new Disabled Veteran hire, $9,600 for each new Disabled Veteran unemployed 6 months, $2,400 for each new Unemployed Veteran unemployed for 4 weeks, and $5,600 for each new Unemployed Veteran for 6 months, and $9,000 for each new long-term family assistance recipient hire.

For more information and employee certifications, contact Debra Roseburr at the Oklahoma Employment Security Commission at (405) 557-7128 or **debra.roseburr@oesc.state.ok.us** or Tammy Wood at 405-557-7129 or **tammy.wood@oesc.state.ok.us**.

SALES TAX EXEMPTIONS AND REFUNDS

Manufacturers

(68 O.S. §§ 1359, 1359.2 and 1364)

Oklahoma has a comprehensive sales tax exemption for manufacturers who obtain a Manufacturer's Sales Tax Exemption Permit from the Oklahoma Tax Commission. The permit must be renewed every three years. This permit must be presented to the vendor, and a claim for exemption made at or before the time of purchase, to relieve the vendor of the liability for collecting sales tax. The exemptions cover purchases of machinery and equipment, energy, and tangible personal property used in design, development, and manufacturing.

Sales to a manufacturer of exempt property must be used in the manufacturing operation at a manufacturing site. The exemption is not extended to purchases for administration, sales, distribution, transportation, site construction or site maintenance.

For more information and certification, contact the Oklahoma Tax Commission at 405-521-3133 or **otcmaster@tax.ok.gov**.

Computer Services and Data Processing

(68 O.S. § 1357 [21])

Oklahoma recognizes the importance of companies engaged in computer services or data processing activities by offering exemptions from sales tax on:

Sales of machinery and equipment purchased and used by persons and establishments primarily engaged in computer services and data processing:

A. As defined under Industrial Group Numbers 7372 and 7373 of the Standard Industrial Classification (SIC) Manual, latest version, which derive at least fifty percent (50%) of their annual gross revenues from the sale of a product or service to an out-of-state buyer or consumer; and
B. As defined under Industrial Group Number 7374 of the SIC Manual, latest version, which derive at least eighty percent (80%) of their annual gross revenues from the sale of a product or service to an out-of-state buyer or consumer.

Eligibility for the exemption set out in this paragraph shall be established, subject to review by the Tax Commission, by annually filing an affidavit with the Tax Commission stating that the facility so qualifies and such information as required by the Tax Commission. For purposes of determining whether annual gross revenues are derived from sales to out-of-state buyers or consumers, all sales to the federal government shall be considered to be to an out-of-state buyer or consumer.

For more information about filing the required affidavit and certification, contact the Oklahoma Tax Commission at (405) 521-3133 or **otcmaster@tax.ok.gov**. For forms, visit **www.oktax.state.ok.us.**

Sales at Aircraft Maintenance Facilities

(68 O.S. § 1357 [20])

Sales of aircraft and aircraft parts are tax exempt; provided such sales occur at a qualified aircraft maintenance facility. As used in this paragraph, "qualified aircraft maintenance facility" means a facility operated by an air common carrier at which there were employed at least two thousand (2,000) full-time-equivalent employees in the preceding year as certified by the Oklahoma Employment Security Commission, and which is primarily related to the fabrication, repair, alteration, modification, refurbishing, maintenance, building or rebuilding of commercial aircraft or aircraft parts used in air common carriage. For purposes of this paragraph, "air common carrier" shall also include members of an affiliated group as defined by Section 1504 of the Internal Revenue Code, 26 U.S.C.

For more information and certification, contact the Oklahoma Tax Commission at (405) 521-3133 or **otcmaster@tax.ok.gov**. For forms, visit **www.oktax.state.ok.us.**

Aircraft Repairs and Modifications

(68 O.S. § 1357 [28])

Beginning July 1, 2005, sales of aircraft engine repairs, modification, and replacement parts, sales of aircraft frame repairs and modification, aircraft interior modification, and paint, and sales of services employed in the repair, modification and replacement of parts of aircraft engines, aircraft frame and interior repair and modification, and paint are also exempt from sales tax.

Aircraft Maintenance or Manufacturing Facility

(68 O.S. § 1357 [16])

Oklahoma provides a sales tax exemption for sales of computers, data processing equipment, related peripherals and telephone, telegraph or telecommunications service and equipment for use in a qualified aircraft maintenance or manufacturing facility. A "qualified aircraft maintenance or manufacturing facility" means:

A. A new or expanding facility primarily engaged in aircraft repair, building or rebuilding whether or not on a factory basis.
B. A facility whose total cost of construction exceeds the sum of Five Million Dollars ($5,000,000.00) and which employs at least two hundred fifty (250) new full-time-equivalent employees, as certified by the Oklahoma Employment Security Commission, upon completion of the facility.

In order to qualify for the exemption, the cost of the items purchased by the qualified aircraft maintenance or manufacturing facility shall equal or exceed the sum of Two Million Dollars ($2,000,000.00).

For more information about filing, the required affidavit and certification, contact the Oklahoma Tax Commission at (405) 521-3133 or **otcmaster@tax.ok.gov.** For forms, visit **www.oktax.state.ok.us.**

Excise Tax on Aircraft Sales

(68 O.S. § 6001)

Generally, excise tax in lieu of sales tax is imposed on the sale, transfer, or lease of aircraft that will be based in Oklahoma. In 2013 the following provision was added:

> Exempts rotary-winged aircraft purchased to be used exclusively for the purpose of training U.S. military personnel or other training authorized by the U.S. Government from the levy of aircraft excise tax. The exemption will sunset January 1, 2018.

For more information and certification, contact the Oklahoma Aeronautics Commission at (405) 604-6900. Sales of aircraft to commercial airlines are free of the excise sales charge.

Telecommunications

(68 O.S. §§ 1354 and 1357 [18] [26])

Sales tax exemptions apply to Interstate 1-800, WATS, and interstate private-line business telecommunication services, and to cell phones sold to a vendor who transfers the equipment as part of an inducement to a consumer to contract for wireless telecommunications.

For more information and certification, contact the Oklahoma Tax Commission at (405) 521-3133 or **otcmaster@tax.ok.gov**. For forms, visit **www.oktax.state.ok.us**.

Spaceport

(68 O.S. § 1356) [32 - 37]

Sales of any tangible property to a spaceport user as determined by the Oklahoma Space Industry Development Authority are exempt from sales tax. Launch vehicles, satellites and such related attached or used property may also be purchased free from sales and use tax.

For more information and certification, contact the Oklahoma Tax Commission at (405) 521-3133 or **otcmaster@tax.ok.gov**. For forms, visit **www.oktax.state.ok.us**.

Sales Tax Refunds

Oklahoma offers sales tax refunds for qualified companies. To qualify, a company must submit an Application/Intent to Qualify to the Oklahoma Tax Commission to establish an interest-bearing account. Upon receiving the application and documentation concerning the sales/use taxes to be paid by the applicant or their contractors, the Oklahoma Tax Commission will determine whether a company qualifies. If so, the Oklahoma Tax Commission will immediately set up an account to track sales taxes paid on sales as shown by the invoices submitted.

For purposes of the exemption at section 1359 (7) of Title 68 for qualified manufacturers, interest is determined according to the amount earned as invested by the State Treasurer's Office. For the remaining refunds at Sections 1357(17) and 54003 of Title 68, interest accrues at the rate of a 3-month Treasury bill from the date invoiced items are approved.

Sales taxes paid on construction materials incorporated in certain new manufacturing facilities by the manufacturer or by a contractor or subcontractor on behalf of a qualified manufacturer are refundable.

Sales taxes paid for machinery and equipment by certain service businesses (computer services, R & D, and aircraft repair) are refundable. Invoices of each vendor that distinguish the state and local sales taxes paid must be submitted with claims.

Affidavits from vendors or contractors that the sales taxes were charged, paid, and have not been refunded by the vendor must be submitted with claims. Eligible applicants must file for a refund within 36 months of the date of purchase. The Oklahoma Tax Commission requires certification from the Oklahoma Employment Security Commission regarding the number of jobs.

Note: Participation in the Quality Jobs Program or other incentive payment programs precludes participation in these refunds.

Computer Services / Data Processing / Telecommunications Equipment

(68 O.S. § 54003)

Oklahoma offers a sales tax refund on the purchase of computers, data processing equipment, related peripherals, telegraph or telecommunications services, and equipment.

- Applies to NAICS Nos. 51121, 336411, 541512, 518210 and 518111 (Computer services and data processing) and 541712, 541720, 541712 and 541380 (Research and Development).
- New or expanding businesses.
- Addition of 10 new full-time employees that have an average salary of $35,000.
- These new employees must be employed for at least 36 months.
- 50% of annual gross revenues must result from sales to out-of-state buyers but may include the federal government.
- 75% of annual gross income results from computer services, data processing activities, or research and development activities.
- If the company is in 518210, it must also purchase $100,000 worth of exempt items.

Note: This refund is not as favorable to computer services and data processing companies as the sales tax exemption found at 68 0.S. § 1357 (21).

For more information, contact the Oklahoma Tax Commission at (405) 521-3133 or **otcmaster@tax.ok.gov**. For forms, visit **www.oktax.state.ok.us**.

Construction Materials

(68 O.S. § 1359 [7])

Oklahoma refunds sales taxes paid on construction materials for certain new or expanding manufacturing facilities including:

- Facilities with construction costs exceeding $5 million which create 100 new manufacturing jobs and are maintained for a minimum of 36 months. Construction costs include building and construction costs, and engineering and architectural fees, but not legal fees.
- Facilities with construction costs exceeding $10 million, and with combined total costs of material, construction, and machinery exceeding $50 million, which add 75 new employees who are retained for 36 months.
- Facilities with construction costs exceeding Three Hundred Million Dollars ($300,000,000) which maintain an employment level of a least 1,750 full time equivalent employees.
- Qualified new or expanding aircraft maintenance and overhaul facilities that create 250 or more jobs, with construction costs totaling at least $5 million. [68 O.S. 1357(17)].

These construction exemptions are unique not only because they are refunds, but also because they allow contractors or subcontractors that have previously entered into a written contractual relationship with the manufacturer, or a qualified aircraft maintenance facility operator, to make refundable purchases on behalf of manufacturers. The manufacturer may use invoices made out in the contractors' names for proof when applying for sales tax refunds. Generally, refundable purchases do not include machinery and equipment. Warehousing/Distribution for manufacturers, structures, or land used for packaging, re-packaging, labeling, or assembly for distributing products that are at least 70% made in Oklahoma, but at an off-site, in-state manufacturing facility or facilities are also deemed manufacturing facilities for purposes of these sales tax refunds.

For more information, contact the Oklahoma Tax Commission at (405) 521-3133 or **otcmaster@tax.ok.gov**. For forms, visit **www.oktax.state.ok.us**.

TRANSPORTATION AND DISTRIBUTION BENEFITS

Industrial Access Roads

The Industrial Access Road Program is 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. Application is through local governing bodies that in turn contact the Oklahoma Department of Transportation.

For more information, contact Mitch Surrett of the Oklahoma Department of Transportation at (405) 522-0290 or **msurrett@odot.org**.

Truck Registration Benefits

(47 O.S. § 1101)

Oklahoma's economic and demographic advantages make it an optimum location for manufacturing, warehousing, and distribution facilities, particularly for transportation-sensitive industries. Oklahoma's participation in the *International Registration Plan* (IRP) and the *International Fuel Tax Administration* (IFTA) provides interstate carriers with the convenience of registering and licensing only with one state, Oklahoma, while attaining compliance with all 48 U.S. states, as well as 10 Canadian provinces, registration and fuel tax laws. In addition, Oklahoma's participation provides uniformity in vehicle registration and motor fuel tax for interstate motor carriers who base-license their vehicles in Oklahoma. Specific provisions in the statutes complement the IRP and IFTA and provide additional benefits for the Oklahoma-based licensed carrier:

- Permanent Trailer Registration - The permanent registration plate remains with the trailer until there is a change in ownership. No annual renewal identification device is required.
- Freedom of movement – Starting in 2015 IRP new registrants will have all jurisdictions on their Oklahoma cab cards regardless of prior activity, enhancing the flexibility of their operations.
- Permanent Truck/Tractor Plates - A permanent tag is now available to a motor carrier registered under the International Registration Plan.
- Tractor Excise Tax - For truck or truck-tractor registered for a gross vehicle weight of 55,000 pounds or more, the excise tax is $10.00. The same applies to any cargo-carrying trailer.
- Reciprocity Miles - The miles traveled in states that are not members of any pro-rata agreements are no longer used in computing the Oklahoma mileage percentage factor for proportional registration.
- Property Tax - Motor vehicles and cargo-carrying trailers are not subject to any personal property tax in Oklahoma.
- Temporary Registration Authority - Temporary registration authority for vehicles to be added to an established fleet of proportionally registered vehicles is valid for 45 days.
- Electronic Registration by Data Transfer – Oklahoma IRP registrants now have the ability to update their fleet electronically through our new web based IRP system. Registrants

can simply upload a standardized file into the IRP system, saving time and money, eliminating errors, and providing unparalleled fleet registration services.

- Fast Forward - Oklahoma has established Fast Forward for the convenience of the motor carrier. Motor Vehicle staff provides immediate personalized assistance in providing registration and fuel permitting.

Benefits under IFTA/IRP:

- Web Based IRP Filing – Oklahoma now offers a web based IRP registration system. Applications may be filed online and supporting documentation can be electronically submitted along with the web based application.
- License and Identification - The motor fuel license and identification decal issued by Oklahoma are the only license and decal required to operate interstate vehicles in IFTA member states. The temporary fuel permit is valid for five days.
- Reporting - Only one quarterly report is filed for fuel tax liability on fuel consumption in the state for IFTA member states. Credit for over-purchase in any member IFTA state is accomplished in the one report filed with Oklahoma.
- IRP Deletion Credit – When a vehicle leaves a registrant's fleet, Oklahoma offers a deletion credit of the unused fees that is applied toward the registration of a subsequent vehicle within that registration year.
- Auditing - Generally, Oklahoma will be the only state to audit the records of an Oklahoma license-based carrier for all other IFTA and IRP jurisdictions.
- Deregulation - The Corporation Commission no longer regulates rates, routes, and services of most motor carriers.
- Member - Oklahoma is a member, as are all other continental states, District of Columbia 10 Canadian Provinces, in the International Registration Plan (IRP)
- Member - International Fuel Tax Association, Inc. (IFTA). All states are members except Alaska and Hawaii along with 10 Canadian Provinces.

I-35, the interstate that bisects Oklahoma, is a NAFTA Corridor (North American Free Trade Agreement).

For more information and updates, contact the Oklahoma Corporation Commission, Transportation Division, IFTA, at (405) 521-3036, or the IRP also at (405) 521-3036.

Foreign Trade Zones

Foreign Trade Zones provide a U.S. Customs duty management program and which are physically defined areas that are legally considered to be outside U.S. customs territory. Therefore, merchandise/components within Zones are exempt from U.S. Customs duty until removed from the Zone, and duty is then paid on that portion entering the U.S. market. In some cases, duties can be lowered through special Customs inverted tariff provisions, and in other cases can even be eliminated due to the incorporation of imported materials into a manufacturing process. Oversight responsibility for Zone operations is under the U.S. Customs Service of Homeland Security. Businesses engaged in international trade within these Zones benefit from special customs procedures when importing and when warehousing, manufacturing, or assembling with imported goods that remain in bond under Customs Control. Subzones and Usage-Driven Sites may be established for single purpose manufacturing/fabricating and distribution operations.

There are four Foreign Trade Zones in Oklahoma:

- **Port of Muskogee (FTZ #164)** on the McClellan Kerr Arkansas River Navigation System providing rail, barge, and truck transportation services from Oklahoma to ports throughout the world. The Port of Muskogee covers sites in the Port of Muskogee Industrial Park, the Port of Muskogee John T. Griffin Industrial Park and two sites in McAlester operated by Komar Distribution Services.
- **Tulsa Port of Catoosa (FTZ #53),** also on the McClellan Kerr Arkansas River Navigation System, providing rail, barge, and truck transportation services from Oklahoma to ports throughout the world; also covers four other sites: Stillwater Industrial Park, Bartlesville Industrial Park, Mid America Industrial Park at Pryor Creek, and Tulsa International Airport.
- **The Port Authority at Will Rogers World Airport of the Greater Oklahoma City Area (FTZ #106),** Oklahoma City. The Port Authority of Greater Oklahoma City is the governing Board for Oklahoma's largest Foreign-Trade Zone (FTZ #106) and has responsibility for a 90-minute radius service area in central Oklahoma. The Zone has expanded dramatically beyond its original locations, which were Will Rogers World Airport and Biagi Bros Warehouse, and currently operates under the Alternative Sites Framework (ASF) designation. ASF provides a fast-track application process for qualified businesses pursuing foreign-trade zone designation.
- **The International Business Park in Durant (FTZ #227)** is located in the 320-acre International Business Park in Durant. It serves several counties in southern and southeastern Oklahoma. The zone is located adjacent to US Hwy 69/75 and is one hour from the Dallas/Ft. Worth metroplex, eight hours from Laredo, Texas, and five hours from San Antonio and Houston, Texas. Interstate Hwy 35, the primary trunk of the NAFTA Superhighway System, lies just 45 miles west of the zone. FTZ #227 also covers two other sites located in Ardmore: the Ardmore Industrial Park and the Westport Industrial Complex. The Ardmore Industrial Airpark comprised of approximately 2,790 acres and formerly the Ardmore Air Force Base, is located approximately 16 miles northeast of Ardmore. The Ardmore Industrial Airpark is zoned Heavy Industrial. The Westport Industrial Complex is comprised of 122 acres. There are two zoning classifications for the complex: Heavy Industrial and Light Industrial.

Additions to the FTZ #106 Zone Project have included a total of seven Magnet Sites in the Oklahoma City Area, with more coming online. Current designated Magnet Sites include:

- Mid America Business Park I and II;
- Western Heights Properties Industrial Park;
- Will Rogers World Airport;
- ICON Center in Ada, Oklahoma;
- Guthrie/Edmond Regional Airport (GeoPort) in Guthrie, Oklahoma.
- Shawnee Regional Airport in Shawnee, Oklahoma

- Enid Regional Airport in Enid, Oklahoma
- Iron Horse Industrial Park (Citizen Potawatomie Nation), Shawnee, Oklahoma

The Oklahoma City Zone currently operates under the Alternative Site Framework (ASF) designation and has sponsored several projects.

Benefits to businesses located in Foreign Trade Zones include the following:

- Ability to hold merchandise subject to quotas until the quota opens and/or the ability to bring such goods into the Foreign Trade Zone and subsequently re-export them;
- Increases flexibility with just-in-time delivery, quotas, and reduced customs delays;
- Improving cash flow;
- Defer, reduce and/or eliminate U.S. Customs duties;
- Distribution Savings;
- Elect preferential duty rates;
- Single weekly entry for all containers received, drastically reducing MPF costs;
- Duty elimination on:
  - Manufacturing in the U.S., utilizing imported materials, and selling domestically
  - Previously imported material, which is re-exported;
  - Rejected, scrapped, waste, or return-to-vendor imported material;
  - Sales of imported materials/components, or finished products containing imported components, to companies operating in other U.S. Foreign Trade Zones;
- Duty reduction by:
  - Utilizing pick-and-pack operations where the “set” has a lower duty rate than the individual pieces;
  - Duty-Deferral for distributors until imported merchandise is shipped from the Zone into U.S. Customs territory.

Activities permitted in a Foreign Trade Zone:

- Merchandise entering a Zone may be: Assembled; tested; sampled; relabeled; manufactured; repackaged; destroyed; mixed; manipulated; cleaned; stored; salvaged; and processed.

Merchandise may be held in a Foreign Trade Zone indefinitely.

- For more information on the Tulsa Port of Catoosa Zone (FTZ #53), contact Bob Portiss at (918) 266-2291 or **bob@tulsaport.com**.
- For more information on the Greater Oklahoma City Area Zone (FTZ #106), contact Matthew Weaver at (405) 623-5335 or **info@ForeignTradeZone106.org**.
- For more information on the Port of Muskogee Zone (FTZ #164), contact Scott Robinson at (918) 682-7886 or **scott@muskogeeport.com**.
- For more information on the International Business Park in Durant Zone (FTZ #227), contact Sherry Harlin at (580) 924-5094 or **sharlin@reiok.org**.

MAJOR FINANCE ASSISTANCE PROGRAMS

Oklahoma Finance Authorities

(74 O.S. §§ 851 and 5062.1)

The Oklahoma Industrial Finance Authority (OIFA) provides permanent financing for real estate and equipment. OIFA has both tax-exempt and taxable financing available for most types of industries, including manufacturing, agricultural processing, and certain mining or recreational/tourism facilities.

Qualifying projects include construction of a new plant or existing plant expansion or replacement of all or part of the plant. The maximum funding is $5,000,000 on fixed collateral assets for up to 15 years. Loans are fixed rate or variable and below market for tax-exempt qualified projects.

The Oklahoma Development Finance Authority (ODFA) provides taxable and tax-exempt bond financing for projects throughout the state of Oklahoma including healthcare, education, and municipal and certain environmental, manufacturing and infrastructure projects. The ODFA also manages a credit enhancement program to lower borrowing costs for qualified projects.

For more information, contact the Oklahoma Finance Authorities at (405) 842-1145.

Public Trust Financing: Industrial Revenue Bonds

(60 O.S. § 176, 74 O.S. § 851, and 61 O.S. § 651)

Oklahoma authorizes public trust financing for economic development purposes at the state, county, and city level. Trusts may enter into lease-leaseback, sale-leaseback, interest rate swaps, and other similar transactions.

The powers of the public trusts to issue bonds or other financing tools are set forth in the trust documents, and therefore need to be very carefully reviewed. It is also recommended that finance professionals review the trust indentures before any funds are expended or obligations are incurred.

It is possible for a public trust to access the programs administered by the Oklahoma Finance Authorities to fund bonds. Accessibility would be determined by available funding, the trust indenture of the local public trust, and the project to be funded. An allocation from the Private Activity Bond allocation pool through the State Bond Advisor's Office is necessary if a federal income tax exemption of interest earned is allowed on private activity bonds.

For more information, contact the Oklahoma State Bond Advisor at **www.ok.gov/bondadvisor** or (405) 602-3100.

General Obligation Limited Tax Bonds (GOLTBs)

(Art. 10 § 35, Okla. Const.)

Many Oklahoma counties and cities have approved the issuance of General Obligation Limited Tax Bonds for industrial development projects. Generally, these “revenue bonds” are issued in association with a

particular private activity project. Revenues generated by the project in the form of income are used to retire the bonds. If revenue generated by the project is inadequate to retire the bonds, then a levy will be placed on the property taxes of the jurisdiction in order to retire the bonds. The property tax levy is only used if project generated revenues are inadequate to meet interest and principal payments on the bonds. GOLTBs have been used since the early 1960s to finance a wide variety of economic development projects throughout the state. Information can be obtained from local and county Industrial Development Authorities, County Treasurers, Assessors, and/or the Attorney General's Office.

Tax Increment Financing (TIF)

(62 O.S. § 850)

Cities and counties in Oklahoma may create tax increment districts to provide funding for economic development in distressed areas for up to 25 years. The tax increment is determined in accordance with the following: The base assessed value includes all real and personal property on the tax rolls and assessed as of January 1st of the year during which the district is designated.

Incremental tax dollars are those assessed in excess of the base on the first January 1st after the district has been declared, and continuously until the increment district ceases, less the amount attributable to change in assessment ratio for real and personal property in the county.

Proceeds from tax increment financing may be used in accordance with approved plans for project areas such as facilities, infrastructure, parks, sidewalks, and other public projects.

For more information, contact Don Hackler at the Oklahoma Department of Commerce at (405) 815-5359 or **donald.hackler@okcommerce.gov**.

The Oklahoma Local Development and Enterprise Zone Incentive Leverage Act

(62 O.S. § 840)

- Provides funding for local units of government to match local tax revenue dedicated to support a project located in an enterprise zone, in support of a major tourism destination, or in support of a military growth impact. At a minimum, all projects must meet the following requirements:
- Project must be located entirely within an enterprise zone, in support of a major tourism destination which the local governmental entity determines is likely to significantly benefit contiguous or nearby enterprise census tracts, or in support of a military growth impact;
- No more than ten percent (10%) of the net leasable space may be used for retail purposes, and no state local government matching payment shall be made for project costs in support of any gambling establishment;
- State local government payments cannot be used to supplant local revenue currently being expended within the increment district boundaries;
- Certification that all projects described within the related project plan will generate, in the aggregate, a minimum of either One Million Dollars ($1,000,000) in payroll, exclusive of payroll for construction, or Five Million Dollars ($5,000,000) in investment;
- The application must include an estimate of incremental revenues likely to be derived from the project;

- The project must include the commitment of local governmental entity; and
- The project meets the time deadlines set forth in 62 O.S. § 842 (I);
- If the project is in support of a major tourism destination, the application must meet the requirements set forth at 62 O.S. § 842 (B) (3) and (B) (4);
- If the project is a military growth impact project the application must meet the definitions set forth at 62 O.S. § 841(13), (14), and (15).

Project can be as the result of the impact of military growth activities if the project area plans to experience a population growth of at least 1,000 persons and increased payrolls of at least $10,000,000 within 5 years.

Sales Tax Financing

(68 O. S. § 1370) (68 O.S. § 2701)

Oklahoma cities and counties are authorized, upon a vote of the people, to build facilities and provide other economic development benefits for businesses financed by sales tax collections. Some have pooled economic development funds from this method.

For more information, contact Don Hackler at the Oklahoma Department of Commerce at (405) 815-5359 or **donald.hackler@okcommerce.gov**.

Private Activity Bond Allocation

(62 O.S. § 695.23)

Private Activity Bonds that render interest payments that are federally tax-exempt, in accordance with the Internal Revenue Code, must receive an allocation from the State Bond Advisor's Office. Public Issuers in Oklahoma may issue Private Activity Bonds up to a federally-established volume cap each year.

The state's private activity cap allocation is divided by statute into the following pools:

- Qualified Small Issue Pool;
- Beginning Agricultural Producer Pool;
- Exempt Facility Pool;
- Student Loan Pool;
- Local Issuer Single Family Pool;
- State Issuer Pool;
- Metropolitan Area Housing Pool;
- Rural Area Housing Pool;
- Oklahoma Housing Finance Agency Pool; and
- Economic Development Pool.

On September 2nd of each year, remaining balances in all pools are combined into the Consolidated Pool. Generally, allocations are on a first-come, first-served basis, with some size limitation. On December 20th of each year the remaining balance in the Consolidated Pool is placed in the Carry-forward Pool and made available to eligible issuers.

For more information, contact the Oklahoma State Bond Advisor at **www.ok.gov/bondadvisor** or (405) 602-3100.

Small Business Linked Deposit Program

(62 O.S. § 88.1A)

The Small Business Linked Deposit Program provides low-interest certificates of deposit to financial institutions to provide lending capital to eligible small businesses and certified industrial parks which will directly create new jobs or save existing jobs.

When market conditions allow, successful applicants for Linked Deposit programs receive private loans through local financial institutions at a reduced interest rate. The certificates of deposit bear interest rates of up to three percent below the standard rate. In effect, these savings are "passed on" to the borrowers participating in the program.

Loans to businesses with less than 200 employees and gross annual sales of less than $4 million are eligible for up to $1 million. Industrial parks certified by the Oklahoma Department of Commerce are eligible for up to $6 million. Loans are for a two-year term and may be renewed for three additional terms in accordance with the guidelines of the State Treasurer's office. The eligible lending institution shall give priority to the economic needs of the area where the business is located especially in Enterprise Zones and Priority Enterprise Zones as designated by the Oklahoma Department of Commerce.

For more information, contact Sherian Kerlin with the Oklahoma State Treasurer's office at (405) 522-4221 or **Sherian.Kerlin@treasurer.ok.gov.**

Small Business Loan Guarantees

(15 U.S.C. § 632)

The U.S. Small Business Administration offers loan guarantee programs to assist small businesses. Under the guaranty concept, commercial lenders make and administer the loans. The business applies to a lender for financing. The lender decides if they will make the loan internally or if the application has some weaknesses that, in their opinion, will require an SBA guaranty. The guaranty that SBA provides the lender gives them the assurance the Government will reimburse the loan, up to a percentage, in the event the borrower defaults.

For more information, contact the U.S. Small Business Administration at 1-800-U-ASK-SBA or visit **www.sba.gov**.

TECHNOLOGY FINANCE ASSISTANCE

Technology Partnerships

(70 O.S. § 3206.3 and Art 10, §§ 14 and 15)

Extensive research in information security, laser technology, robotics, biotechnology, food production, materials modification, energy, medicine, meteorology, and aerospace at Oklahoma's universities helps Oklahoma businesses bring innovative products and services to the world marketplace. Constitutional changes and legislation enables a transfer of technologies more readily from universities to the private sector. Applied research on technologies developed by private business may be performed in partnership with research universities. Such institutions may enter into collaborative arrangements with industries that facilitate commercial development. Each university develops its own policies and processes for these activities.

For more information, contact the following staff at Oklahoma's universities:

- Steven C. Price, Associate Vice President for Technology Development, Oklahoma State University – Technology Development Center at (405) 744-6930 or **tdc@okstate.edu.**
- Jim H. Bratton, Assistant Vice President for Economic Development and Executive Director, University of Oklahoma's Office of Technology Development, at (405) 325-3800 or **otd@ou.edu.**
- Janet Haggerty, Vice Provost for Research and Dean of the Graduate School, The University of Tulsa at (918) 631-2304 or **janet-haggerty@utulsa.edu.**

i2E - Innovation to Enterprise

(74 O.S. §§ 5060.20 [a] [b])

i2E works with Oklahoma companies, inventors, researchers, and entrepreneurs to turn technological innovations into exceptional business opportunities for Oklahoma. The organization provides, directly or by referrals, statewide access to the specialized business development services that are required to take new technologies from concept to market. They also work closely with technology development, technology transfer, and economic development professionals in both the public and private sectors to expand the technology base in Oklahoma. i2E also manages the Love's Entrepreneur's Cup collegiate business plan competition, the Seed Step Angels Group, the Oklahoma Seed Capital Fund, and the Concept Fund.

For more information, contact Scott Meacham at i2E at (405) 235-2305 or **smeacham@i2e.org**.

Basic and Applied Research and Technology Programs

(74 O.S. § 5060.1)

The Oklahoma Center for the Advancement of Science and Technology (OCAST) supports basic and applied research and technology programs:

- The Oklahoma Health Research (Health) program: The Health program competitively awards research funding for one to three year research projects related to human health. Eligible applicants are Oklahoma universities and colleges, nonprofit research organizations and commercial enterprises. These awards enable researchers to gain expertise and produce data needed to obtain larger grants from other sources, including federal agencies and private funding organizations, and to develop patentable technologies. Researchers also benefit from OCAST's annual health research conference which focuses on ways to assist commercial development of new products and services resulting from Health Research projects. Additional information can be found at: **https://www.ok.gov/ocast/FUNDING_OPPORTUNITIES/Pro-Health.html.**

- The Intern Partnership Program: Projects funded under this program must meet five requirements: (1) an Oklahoma institution of higher education or a business must be the fiscal agent; (2) OCAST funds must be equally matched from non-state appropriated funds; (3) the research must be performed in an applied research laboratory setting located at a firm, a nonprofit research institute or an institution of higher education; (4) the mentor must be from industry or be an academic with a documented success record of applied research and (5) an Oklahoma business must benefit. The award may be for one or two years. The external reviewers, a majority of whom reside out-of-state, have shown a preference for programs in which at least 75 percent of the funds (OCAST plus non-state match) go directly to the interns as salary and fringe benefits. The remaining funds are used for principal investigator salary and fringe benefits as well as for supplies to run the program. Additional information can be found at: **https://www.ok.gov/ocast/FUNDING_OPPORTUNITIES/Pro-Intern.html.**

- The Oklahoma Applied Research Support (OARS) Program: OARS competitively awards funds for one to three year projects from any technology area based upon technical merit, potential for market success and commitment of resources. Funding for both proof-of-concept and accelerated projects is available through OARS. The program requires a minimum of one dollar matching support for each state dollar awarded. Eligible applicants are Oklahoma businesses and universities, colleges or nonprofit research organizations that have industrial partners. The program gives preference to projects involving collaboration between research institutions and private industry. Additional information can be found at: **https://www.ok.gov/ocast/FUNDING_OPPORTUNITIES/Pro-OARS.html.**

- The Oklahoma Small Business Research Assistance Program (SBRA): Through the federal Small Business Innovation Research (SBIR) program, federal agencies provide seed support for product feasibility studies and prototype development that is lacking in the private investment community. The federal Small Business Technology Transfer (STTR) program accomplishes this purpose and forges research collaborations between small firms and universities or nonprofit research institutions. Both the SBIR and STTR programs encourage transfer of technology into federal agency programs and private sector applications. OCAST's program supports these goals by providing bridge funding

between Phase I and Phase II federal SBIR and STTR grants. The program provides technical assistance through SBRA to improve the quality of proposals through proposal development workshops, proposal reviews, client referrals, collaboration building and partnership with i2E. The program offers companies guidance in accessing additional OCAST support and other resources as appropriate to their respective stage of development. Additional information can be found at: **https://www.ok.gov/ocast/FUNDING_OPPORTUNITIES/Pro-SBRA.html.**

OCAST Commercialization Programs

- Through its Seed Capital Program, OCAST seeks to provide funding to innovative Oklahoma companies. Required co-investment with the private sector leverages the agency's investment.

  The Seed Capital fund includes a concept component intended to address the needs of companies requiring smaller seed capital investment for earlier-stage projects. Awards from the concept fund are convertible to the larger seed capital investment fund at a later date. Additional information can be found at: **http://i2e.org.**

- OCAST currently contracts with i2E, a private nonprofit organization, to operate the Oklahoma Technology Commercialization Center (OTCC) program which assists entrepreneurs, early-stage technology companies and firms seeking to commercialize new technologies. The program focuses on assessing needs, guiding clients through the commercialization process and linking them to a comprehensive network of technology sources (including Oklahoma universities) and commercialization services. The program also provides specialized business development services, access to early-stage risk financing and help in transferring technology. OTCC also provides business development and commercialization services specifically targeted to Oklahoma's SBIR and STTR companies delivered through the Small Business Research Assistance Program. Additional information can be found at: **http://i2e.org.**

- The OCAST Technology Business Finance Program is designed to promote promising innovation and to support efforts to commercialize in Oklahoma by providing early stage financing to start-up companies, well established firms and manufacturers. The program requires a match and includes payback provisions. OCAST contracts with i2E Inc. to operate this program. Additional information can be found at: **http://i2e.org.**

- The Inventors Assistance Program assists the independent inventor in navigating the process from idea to marketplace. IAS helps inventors move toward the manufacturing, marketing and distribution of their products by providing assistance and information or referring inventors to appropriate service providers who will help them with specific steps in the invention process. The program provides inventors with a streamlined process to help move their innovation forward. Qualified inventors nearly ready for commercialization receive help with activities such as materials testing, market assessment, engineering resources and prototype development. Additional information can be found at **https://npdc.okstate.edu.**

- The Oklahoma Alliance for Manufacturing Excellence Inc. is a private, nonprofit organization that manages the Oklahoma Manufacturing Alliance which, with funding support from OCAST and other sources, provides leadership and assistance to Oklahoma's small- and medium-sized manufacturers to help them become more successful in their marketplace. Through a network of manufacturing extension agents and applications engineers, the Oklahoma Manufacturing Alliance delivers real, hands-on resources for improving productivity, increasing sales and reducing costs. Using federal, state, local and private funds, the Oklahoma Manufacturing Alliance contracts with local organizations to field regional manufacturing extension agents who deliver to Oklahoma manufacturers services in technology application, workforce training, financing, market assessment and business relations. Applications engineers, sponsored in part through Oklahoma State University, provide technical assistance to manufacturers in rural areas where resources are limited. These locally accessible applications engineers assist with mechanical designs, plant layouts and a variety of other technical issues.

  The Oklahoma Manufacturing Alliance services include an OCAST funded position to provide innovation engineering project management. This position works with manufacturers, research organizations, education and training programs and partner organizations to coordinate efforts to assist with the integration of all aspects of innovation into manufacturing operations. Additional information can be found at **http://www.okalliance.com/**.

For questions, contact OCAST at (405) 319-8400 or visit **www.ocast.ok.gov.**

INVESTMENT PROGRAMS

Oklahoma Capital Investment Board
(74 O.S. § 5085.1)

Created in 1993, the Oklahoma Capital Investment Board's (OCIB or Board) Venture Investment Program supports the funding of venture capital pools that meet the investment and strategic objectives of the Board. Through its venture capital program, OCIB facilitates investment in venture capital companies that focus on investing in quality Oklahoma companies. Through fiscal year 2016 the Board has worked with hundreds of venture funds in an effort to recruit them to Oklahoma. OCIB has invested $67.3 million in 19 of these funds, which in turn have attracted approximately $164 million of equity to 36 Oklahoma projects. These projects have provided, on average, 590 jobs per year and more than $306 million in total payroll. Of these 19 funds, all have significant in-state presence and 8 have been headquartered in Oklahoma.

Although OCIB may in the future, it is currently not making new investments while it is waiting for its current portfolio to mature. For more information, contact the Oklahoma Capital Investment Board at (405) 848-9456.

Quality Jobs Investment Program
(74 O.S. § 5062.8A)

The Quality Jobs Investment Program encourages the growth of equity and near equity-capital (e.g. warrants or convertible subordinated debt) for Oklahoma businesses. Under the program, the Oklahoma Development Finance Authority can match dollar for dollar an investment enterprise's private capital for helping new and expanding businesses. An investment enterprise includes any corporation, limited partnership, or similar business entity, including entities qualifying as Small Business Investment Companies under applicable federal law. The primary function of the Quality Jobs Investment Program is to use private and public resources to build a more comprehensive and efficient financing infrastructure for businesses expanding or relocating in the state of Oklahoma.

For more information, contact the Oklahoma Development Finance Authority at (405) 842-1145.

Infrastructure Finance Community Development Block Grants (CDBG)

Non-entitlement cities, towns, and counties may apply for grants toward the creation of jobs for targeted income groups. Local units of government apply to the Oklahoma Department of Commerce on behalf of a business. The use of the CDBG resources is for the development of publicly owned infrastructure that is directly related to the business location or expansion. Projects financed through CDBG must create one new job for each $35,000 of investment by CDBG. Local infrastructure projects may be funded up to a maximum of $1,000,000 that supports a new business moving to the State.

Other evaluation criteria are set out in the CDBG-EDIF application guide available online at **CDBG-EDIF Application Guide** or by calling Scott Myers at (405) 815-5356.

WORKFORCE ASSISTANCE

Advanced Degree Programs

Oklahoma's Higher Education system includes 25 colleges and universities. Associate, bachelor, and advanced degree programs are tailored on an ongoing basis to respond to business and industry needs. In addition, Oklahoma colleges and universities have established numerous alliances and partnerships with business and industry to ensure that Oklahoma graduates are prepared to compete in today's job market. New funds provide universities within Oklahoma's higher education system with opportunities to develop programs for workforce training for fast-changing, high paying job fields, to build expertise in targeted knowledge-based industries and to transfer research to the marketplace.

For more information, contact Tony Hutchison, Workforce & Economic Development and Strategic Planning & Analysis, Oklahoma State Regents for Higher Education, at (405) 225-9100.

Job Matching and Job Search Assistance

The Oklahoma Employment Security Commission (OESC) has a vast amount of experience working with and supporting the business community. Whether assisting with the recruitment and attraction of new employers or sustaining existing employers, the OESC is a vital partner of business. The OESC workforce staff assists employers in matching their job posting requirements against the skills and qualifications of the job seeker. An example of our commitment to the business community is our nationally recognized recruitment model to assist new or expanding businesses to meet their workforce needs. The Talent Acquisition Team (TAT) is a unit of recruiters assigned to assist employers with a customized strategy of recruitment services. Our highly trained staff works diligently to connect individuals with employment opportunities through customized services that allow every job seeker to know their skills, improve their skills and obtain the best job possible with those skills.

Through strategically-placed workforce centers across the state, or virtually through **OklahomaJobMatch.com**, customers are able to access a wide array of workforce services designed to specifically help them. The OESC offers many employer services including: job fairs and on site recruitment events, interview training and assessments, employer councils, tax credits, federal bonding, labor law posters, EZ Tax Portal access, labor market information, etc.

The OESC has always stood at the forefront of cultivating emerging industries, supporting existing businesses, and developing and enhancing the skills of the Oklahoma workforce. The challenge of facing the demands of the labor market and economic uncertainties requires foresight and planning to provide a skilled workforce for today and the future. As we look toward the future, OESC is dedicated to leading a market-driven workforce system to meet those demands and help all Oklahomans achieve economic prosperity.

For more information about our many programs and services, please explore our website **oesc.ok.gov**, call (888) 980-WORK, or at **OklahomaWorks.gov.**

In addition, you can go to **OklahomaJobMatch.com** to access specific Oklahoma talent.

Workforce Innovation and Opportunity Act (WIOA)

Oklahoma is devoted to ensuring: businesses remain competitive and grow jobs, our workforce has the training needed to obtain required skills, and our communities have a quality and responsive workforce development system.

WIOA funds, provided through the U.S. Department of Labor, aid in our ability to continuously improve the alignment of state and local workforce needs with education and economic development to create solutions to economic and labor market challenges.

Oklahoma continues to find success in its job driven approach to talent development and wealth creation through the promotion of Career Pathways created to meet specific industry demands for skills, in the ability to upskill current employees for future growth, to re-train job seekers who have been previously laid off, and in On the Job Training (OJT) activities. Our office can also assist in navigating the process for development of registered apprenticeship programs.

For more information about WIOA funded training activities, Oklahoma's Workforce Development Boards, contact Erin Risley-Baird, Executive Director of the Oklahoma Office of Workforce Development, at (405) 945-9139 or **erin.risleybaird@osuokc.edu** or visit **OklahomaWorks.gov.**

Governor's Council for Workforce and Economic Development

The Governor's Council for Workforce and Economic Development is a private/public partnership that brings together leaders from business, government, education, and non-profit sectors to jointly develop ways to coordinate workforce development with economic development.

The Governor's Council plays a key role in the coordination of strategic priorities and plans across education, training, and economic development agencies. It works to develop creative solutions that expand and improve Oklahoma's workforce, promote a stronger economy, and make the state more competitive globally. The Governor's statewide infrastructure, known as **Oklahoma Works**, helps to ensure Oklahoma's education and workforce systems are responsive to the needs of business and industry.

For more information, contact Erin Risley-Baird, Executive Director of the Oklahoma Office of Workforce Development, at (405) 945-9139 or **erin.risleybaird@osuokc.edu** or visit **OklahomaWorks.gov.**

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The Oklahoma Employment Security Commission (OESC) has a vast amount of experience working with and supporting the business community. Whether assisting with the recruitment and attraction of new employers or sustaining existing employers, the OESC is a vital partner of business. The OESC workforce staff assists employers in matching their job posting requirements against the skills and qualifications of the job seeker. An example of our commitment to the business community is our nationally recognized recruitment model to assist new or expanding businesses to meet their workforce needs. The Talent Acquisition Team (TAT) is a unit of recruiters assigned to assist employers with a customized strategy of recruitment services. Our highly trained staff works diligently to connect individuals with employment

opportunities through customized services that allow every job seeker to know their skills, improve their skills and obtain the best job possible with those skills.

Through strategically-placed workforce centers across the state, or virtually through **OklahomaJobMatch.com**, customers are able to access a wide array of workforce services designed to specifically help them. The OESC offers many employer services including: job fairs and on site recruitment events, interview training and assessments, employer councils, tax credits, federal bonding, labor law posters, EZ Tax Portal access, labor market information, etc.

The OESC has always stood at the forefront of cultivating emerging industries, supporting existing businesses, and developing and enhancing the skills of the Oklahoma workforce. The challenge of facing the demands of the labor market and economic uncertainties requires foresight and planning to provide a skilled workforce for today and the future. As we look toward the future, OESC is dedicated to leading a market-driven workforce system to meet those demands and help all Oklahomans achieve economic prosperity.

For more information about our many programs and services, please explore our website **www.oesc.ok.gov**, call (888) 980-WORK, or go to **Oklahomaworks.gov**. In addition, you can go to **OKJobmatch.com** to access specific Oklahoma talent.

Workers' Compensation Insurance

Workers' compensation reform (SB1062) was enacted during the 2013 legislative session to address the increasing workers' compensation costs on employees and small businesses. SB1062 moves the workers' compensation system from a judicially based system to an administrative system. It will streamline the claims process, giving employers more flexibility and options in addressing claims for on the job injuries. The Oklahoma Workers' Compensation Commission is working to implement one of the most innovative and business friendly workers' compensation reforms in the nation. Implementation of the administrative system will lead to improved patient outcomes, and lower insurance premiums for businesses. Ultimately, this reform will encourage job creation, economic development and open up the workers' compensation insurance market to more competition. Additional information regarding the Workers' Compensation Commission can be found at **www.wcc.ok.gov** and the Oklahoma Insurance Department's website at **www.oid.ok.gov**.

EMPLOYEE TRAINING OPPORTUNITIES

Training for Industry Program (TIP)

The American dream is alive and well in Oklahoma, as companies secure their future with a talented, skilled and productive workforce. Whether a new or an expanding company in Oklahoma, the nationally acclaimed **Training for Industry Program** (TIP) can help a company create the trained workforce it needs in order to be productive from the start. And best of all – it's low or in some cases, at no cost to the company.

In existence since 1968, TIP has served thousands of companies. From manufacturing to warehouse and distribution centers, business services to aviation, biotech to food processing, CareerTech has the experience and expertise to build a skilled workforce. Totally customized and extremely flexible, TIP is delivered through Oklahoma's CareerTech System with 29 state-of-the-art technology centers in 59 locations across the state. The application process is very simple, has no cost and is quick to complete, especially with the free assistance of the state CareerTech staff and the local technology center

Beyond start-up, CareerTech's technology centers provide ongoing, customized training for existing employees at significant cost savings. Each year thousands of Oklahoma companies keep their employees on the leading edge by taking advantage of programs like Customized Business and Industry Training, Management and Organization Development, Career Development for Adults, and the award-winning Safety Training.

Whether using TIP or any of the programs for existing industry, there is expertise in a wide variety of disciplines, including:

- ☑ software skills training
- ☑ inventory management
- ☑ customer service
- ☑ safety training
- ☑ industrial maintenance
- ☑ ISO certification and maintenance
- ☑ SPC
- ☑ Lean
- ☑ Six Sigma
- ☑ team building
- ☑ front-line supervisor skills
- ☑ blueprint reading
- ☑ and far more

Customized Industry Training Program

CareerTech's **Customized Industry Training Program** is an economic development tool that helps Oklahoma companies remain at the cutting edge by helping to defray the cost for training needed for their existing workforce.

This program is designed specifically to train the employees of one or a specific group of businesses or industries.

Training must be job-related and the local technology center must have material participation in the delivery of training.

Companies work with their local CareerTech to determine if they are qualified for Customized Industry Training funds to be leveraged in order to support their training goals. Training is, traditionally, company-focused and operates on a fast-track schedule.

Industrial Safety Training Program

Safety training is intended to help organizations plan and implement safety processes and procedures and ongoing training to assure safe work environments for Oklahomans. This is done by providing quality preventative safety training.

To be eligible for consideration for reimbursement, the safety training must be conducted by a technology center instructor (full-time, adjunct, contract). Company employees as instructors do not qualify for reimbursement. Online safety courses or safety courses conducted solely by video are not eligible for reimbursement.

For more information and to begin the process of leveraging our assets to grow your company, contact Scott Smith with the Oklahoma Department of Career and Technical Education (CareerTech) at (405) 714-3957 or **scott.smith@careertech.ok.gov**.

Additional information can also be obtained online at **http://www.okcareertech.org/** or by calling CareerTech direct at (405) 377-2000.

BUSINESS FILING FEES

Domestic Corporations

(18 O.S. § 1001)

Corporations organized in Oklahoma must file a Certificate of Incorporation with the Secretary of State. A filing fee of one-tenth of 1% per total authorized capital stock is required. The minimum filing fee is $50.00. The filing fee for a not for profit Oklahoma corporation is $25.00.

Corporations may check on the availability of a name by contacting the Secretary of State's office. A name may be reserved for a period of 60 days by filing an application for Reservation of Name with the Secretary of State and paying a fee of $10.00.

Corporations must maintain a registered office and registered agent whose address is identical to the registered office address. The registered agent may be an individual, the domestic corporation itself, a domestic or qualified foreign corporation, limited liability company, or limited partnership.

Foreign Corporations

(18 O.S. §§ 1130, 1131, 1135)

Generally, in order to qualify to do business in Oklahoma, a foreign corporation must file a signed Certificate of Qualification with the Secretary of State. Also, a certificate issued by an authorized office of the jurisdiction of its incorporation evidencing its corporate existence must be filed with the Secretary of State. If the certificate is in a foreign language, a translation must be attached.

A filing fee of $1 per $1,000 on the total authorized capital or on the amount of capital to be invested in Oklahoma during the current fiscal year is required for profit corporations. If the invested capital is more than the total authorized capital, corporations pay only on that authorized. The minimum filing fee is $300.00. The filing fee for a not for profit corporation is $300.00.

Oklahoma law requires the Secretary of State to be the primary registered agent for foreign corporations. An additional agent may be appointed for service of process. The additional agent must be an individual residing in Oklahoma when appointed, or a corporation, limited liability company, or limited partnership authorized to transact business in this state.

A registered agent fee in the amount of $100 per year is payable upon qualification and July 1st of each subsequent year. The registered agent fee MUST be made payable and MAILED to the Oklahoma Tax Commission, 2501 N. Lincoln Blvd., Oklahoma City, Ok 73194 (18 O.S., Section 1142).

Domestic Limited Liability Companies (LLCs)

(18 O.S. §§ 2000)

A limited liability company may be formed under this act for the purpose of carrying on any lawful business, purpose of activity, whether or not for profit, except that a limited liability company may not conduct business as a domestic insurer. One or more persons may form an LLC by filing Articles of

Organization with the Secretary of State. A filing fee of $100 is required. LLCs must maintain a principal office wherever located, and a registered agent with a registered office with an Oklahoma address.

LLCs are required to file an Annual Certificate each year. A $25 fee shall be paid on the LLCs anniversary date each year.

Foreign Limited Liability Companies

(18 O.S. §§ 2043, 2045, 2048)

Foreign LLCs may register with the Secretary of State by filing an application for registration and paying a filing fee of $300. The application for registration must be accompanied by a certificate from the certifying officer of the jurisdiction of the foreign limited liability company's organization attesting to the foreign limited liability company's organization under the laws of such jurisdiction.

For a domestic or foreign limited liability company for which the Secretary of State acts as the registered agent, a $40 fee shall be paid on the first day of July each year.

LLCs are required to file an Annual Certificate each year. A $25 fee shall be paid on the LLCs anniversary date each year.

Domestic Limited Partnerships (LPs)

(54 O.S. §§ 500-101A)

A limited partnership may be formed under this act for any lawful purpose. A filing fee of $100 is required. LPs must maintain a designated office and agent for service of process.

LPs (foreign and domestic) are required to file an Annual Certificate each year. A $50 fee shall be paid on the LPs anniversary date each year.

Foreign Limited Partnerships

(54 O.S. §§ 500-901A)

Foreign LPs may register with the Secretary of State by filing a Certificate of Authority and paying a filing fee of $300. The certificate must be accompanied by a certificate from the certifying officer of the jurisdiction of the foreign limited partnership's organization attesting to the foreign limited partnership's organization under the laws of such jurisdiction.

For a foreign limited partnership for which the Secretary of State acts as the registered agent, a $100 fee shall be paid on the first day of July each year.

Limited Liability Partnerships (LLPs)

(54 O.S. §§ 1-1001)

Oklahoma has provisions for Partnerships and for Limited Liability Partnerships by filing a Statement of Qualification with the Secretary of State. Filing fees vary but do not exceed $100.

For more information or to file these documents electronically, please refer to the Business Services section of Oklahoma Secretary of State website at **www.sos.ok.gov** or call (405) 522 2520.

Business Licenses

(74 O.S. § 5058.4)

The Oklahoma Department of Commerce assists businesses in identifying state licenses, permits, and registrations needed for establishing or engaging in business in Oklahoma. Information and assistance can be found at **okcommerce.gov/in-state-business-resources/start-up-steps**. The services are optional as any person may deal directly with the issuing agency.

OVERVIEW OF OKLAHOMA TAX SYSTEM

The Oklahoma tax system is composed of a range of taxes that are administered and collected by various state and local agencies. Each tax has a different base and rate. The following outlines the most significant taxes.

Tax	Base or Measure	Rate	Administering Agency
Franchise Tax	Franchise tax levied on all corporations that do business in the state of Oklahoma	$1.25 for each $1,000 of capital invested or used in Oklahoma. Foreign corporations are additionally assessed $100 per year	Oklahoma Tax Commission
Unemployment Insurance Tax (2016)	$17,500 Wage Base	New Employer: 1.5% Experienced Employer: 0.1 -5.5%	Oklahoma Employment Security Commission
Workers' Compensation Tax	• Gross direct premiums • Normal Premiums • Actual Paid Losses	2.77% [1]	Oklahoma Workers Compensation Commission
Corporate Income Tax [2]	Net Income	6.0%	Oklahoma Tax Commission
Personal Income Tax	Over $7,200 (Single or married filing separately) Over $12,200 (Married filing jointly)	5.0% (Potential drop to 4.85% in 2018 based upon revenue growth)	Oklahoma Tax Commission
State Sales & Use Tax	Sales: Gross Receipts Use: Sale Price	4.5%	Oklahoma Tax Commission
Local Sales & Use Tax	Oklahoma County/ Oklahoma City	0.0%/3.875%	Oklahoma Tax Commission
Local Property Tax	Effective Rate	1% State Average: 0.1% to 1.41% (Real Property) 0.1% to 1.74% (Personal Property)	Oklahoma Local County Assessors

[1] Due to a reduction in loss costs and legislative reforms in 2013, this rate is expected to decrease about 10%.
[2] Effective Tax Year 2016, due dates for Oklahoma corporate and partnership income tax returns are 30 days after the due dates for these types of returns under the Internal Revenue Code.

*Business Activity Tax

The Oklahoma Business Activity Tax (BAT) was discontinued beginning with calendar year 2013. BAT returns and taxes are due for 2012 activity, to be filed in 2013. Franchise tax returns based on 2012 capital are not required; rather the next franchise tax filing will be due July 1st, 2014 based on 2013 capital.

*Franchise Tax

Oklahoma levies an annual franchise tax on all corporations that do business in the State. Corporations are taxed $1.25 for each $1,000 of capital invested or used in Oklahoma. Foreign corporations are additionally assessed $100 per year, payable to the Oklahoma Tax Commission, for the Secretary of State acting as their registered agent. The franchise tax return, unless an election is made to file in conjunction with the filing of the Oklahoma income tax, is due July 1st, and is considered delinquent September 1st. Effective September 1, 1998, corporations had the option to file and pay franchise tax annually at the same time as the Oklahoma corporate income tax filing.

*Personal Income Tax

Legislative changes eliminated monthly withholding tax returns and replaced them with quarterly returns. All employers that withhold for income tax purposes are required to file a quarterly withholding tax return. The first quarterly return is due October 20, 2013. The payment frequency does **not** change.

Legislation was enacted which amends 68 O.S. §2355 for tax year 2016 by reducing the top marginal individual tax rate to 5%,from 5.25% The rate may be further reduced to 4.85% for tax year 2018 and subsequent years, contingent upon certain revenue growth. The legislation enacts a new law 68 O.S. §2355.1(E), which provides a trigger mechanism to reduce the top marginal individual income tax rate to 4.85% beginning with tax year 2018. The lower rate will be triggered when the State Board of Equalization determines that the estimated growth in General Revenue collections will be equal to or exceed the estimated reduction in income tax revenue as a result of the 0.15% decrease to the top tax rate. Once triggered, the lower rate of 4.85% will remain for all subsequent years.

Corporate Income Tax

Rate: The portion of corporate income earned in Oklahoma and therefore subject to the 6% tax is based on a three-factor formula.

Corporate Sales Factor: Total sales attributed to Oklahoma divided by sales everywhere.

Property Factor: Taxpayer's average value of property (real and tangible personal property) owned or rented and used in Oklahoma divided by the average value of property (real and tangible personal property) used everywhere during the tax period. Property is valued at its original cost. Rented property is valued at eight times the net annual rate.

Payroll Factor: Compensation for services rendered (less officer's compensation) in Oklahoma divided by compensation for services rendered (less officer's compensation) everywhere.

- Double emphasis is placed on the sales factor for capital intensive firms of $200 million investment in a single project (must be completed within 3 years).

- Oklahoma wishes to tax only the income attributable to the Oklahoma operation. If the apportionment of business income of the enterprise by the Three Factor formula does not give a fair reflection of the taxpayers' activity in the state, with the Oklahoma Tax Commission approval, alternate methods may be used.

- Net operating losses may be carried forward 15 years and may be carried back two years for most companies.

- Corporate Income Tax returns are due by March 15th or by the 15th day of the third month after the end of the taxable year.

- Oklahoma recognizes an automatic extension granted by the Internal Revenue Service. A copy of that extension request should be attached to the Oklahoma return. A taxpayer may request original or additional extension on form 504. A corporation may request an extension of up to one month in excess of the federal extension.

- Generally, tax estimate payments are due quarterly or as specified on vouchers: April 15th, June 15th, September 15th, and January 15th; however, if the tax return is filed and payment made by January 31st, the January 15th payment does not have to be made.

- Taxpayers with Oklahoma taxable income of at least $1 million in one of three preceding years may annualize estimates as is allowed in the Internal Revenue Code on federal taxable income.

Withholding reports from businesses are due weekly, monthly (large companies), or quarterly (small companies). Every employer owing an average of $100,000 or more per month shall make deposits semi-weekly in accordance with federal schedules. Employers owing an average of $10,000 but less than $500 must pay monthly; less than $500 pays quarterly.

General Property (Ad Valorem) Tax (68 O.S. § 2801 et seq.)

Prior to the passage of SQ 766 only the intangible personal property specified in Section 6A of Article 10 of the Oklahoma Constitution e.g., cash, receivables, bonds, stocks, and annuities were exempt from ad valorem taxation. In November 2012 Oklahoma voters approved a ballot measure exempting all intangible personal property from property taxes beginning with tax years after 2012 including:

- patents, inventions, formulas, designs, and trade secrets;
- licenses, franchise, and contracts;
- land leases, mineral interests, and insurance policies;
- custom computer software; and
- trademarks, trade names and brand names.

Property tax rates in Oklahoma are among the lowest in the United States. The tax is collected by county governments. There is no state property tax. The average effective tax rate for locally assessed property is about 1% of the value of the property. The average effective tax rate is determined by the amount of tax divided by the market value. Property taxes are stable in Oklahoma. In 1996, Oklahoma limited the amount of taxable fair cash value that can be increased from year to year to 5%. Transfers or improvements, however, are assessed at market value the following January 1st.

About two-thirds of the property tax is used for the support of local schools, with lesser portions going to county government, cities, career technical schools, junior colleges, health departments, libraries, and emergency medical service districts. Inventories are valued according to the average amount on hand during the preceding year, or the average amount on hand during such part of the preceding year the inventory was at its January 1st location. The assessment procedure involves:

- A determination of location and the fair cash value.
- The application of a uniform assessment percentage to determine the assessed value.
- The application of the total mill levy by all eligible local taxing units, applicable to all property at its location to determine the amount of tax.

Example:
$100,000 Property Value
X 11% Assessment
= $11,000 Assessed
$11,000 Assessed Value
X 0.08 Millage Rate ($0.08 x $11,000)
= $880 Tax Due

The Constitution of the state of Oklahoma requires uniform methods of determining fair cash value and requires the County Assessor to apply the same percentage of assessment to all like property in the county to determine assessed values. All real and personal property in the state is required to be valued annually.

The percentage of assessment, which applies to all real property in the county, must be at least 11% and not more than 13.5%. Personal property must be assessed at least 11% and not more than 13.5%. Personal property must be assessed at not less than 10% and not more than 15%. An in-lieu tax on aircraft, new vehicles, automobiles, trucks, manufactured homes, travel trailers, motor homes, boats and boat motors exempts dealers' inventories and certain farm equipment from the personal property tax (3 O.S. § 254 & 68 O.S. §§ 5301 & 5401).

Property taxes are due and payable on November 1st. If one-half of the tax is paid on or before January 1st, the remaining one half may be paid any time until April 1st without accruing interest. Mortgagees paying taxes on behalf of mortgagors must pay the entire tax no later than December 31st unless one half of the taxes so levied have been paid before the first day of January, the entire tax levy for such fiscal year shall become delinquent on that date. The first half of the taxes levied upon an ad valorem basis for any such fiscal year have been paid before the first day of January, the second half shall be paid before the first day of April thereafter and if not paid, shall become delinquent on that date. (Ref: 68 O.S. §2913).

[1] Effective January 1, 2017, businesses primarily engaged in selling lumber and other building materials, including cement and concrete, except for home centers classified under Industry No. 444110 of the North American Industrial Classification Systems (NAICS) Manual, shall be assessed at the average value of the inventory on hand as of January 1st of each year and the value of the inventory on hand as of December 31st of the same year.

Taxable personal property, including business inventory, must be listed with the County Assessor on or before March 15th of each year. Exemption applications from real, personal and inventory property tax must also be filed by this date.

Unemployment Compensation Tax (40 O.S. §§ 1-101 to 9-104)

Oklahoma statutes set out the methods for figuring amounts of contributions to be paid to the Unemployment Compensation Fund by employers.

Employer contribution rates are calculated annually. By September 30th of each year, the Oklahoma Employment Security Commission (OESC) notifies experience rated employers of their contribution rate for the next calendar year. The rate will remain the same for the entire calendar year if there are no changes in the status of the account. The employer can file a written request for review of its rate within 20 days of mailing of the notification. Rate protest determinations are appealable.

Prior to 1/1/16, a new employer with no unemployment insurance experience shall pay contributions at a rate of 2.2% of taxable wages for the calendar year. The new employer rate can change annually, and it is based on an average of all contribution rates of state employers, with the minimum new employer rate being 1%. Effective 1/1/16, the new employer rate will be set at 1.5% per statute.

Generally, each employer with two or more years of experience is assigned an earned rate. The earned rate is based on the employer's experience by calculating a benefit wage ratio and two statewide factors known as the state experience factor and the conditional factor.

The benefit wage ratio is a ratio of the benefit wage charges made against an employer account divided by the employer's taxable payroll for the preceding three years on which taxes have been paid by July 31st of the calendar year immediately preceding the year for which the contribution rate is being calculated. The state experience factor is the ratio of the total unemployment benefits paid in Oklahoma to the total benefit wages of all employers in the state for the preceding calendar year. The conditional factor is the ratio of the five-year average of total unemployment benefits paid in Oklahoma to the Trust Fund balance for the state.

There are tables found at 40 O.S. § 3-109 that list a range of state experience factors next to a range of possible employer's benefit wage ratios. Once the benefit wage ratio, the state experience factor, and the conditional factor are calculated, an employer's earned rate can be determined by consulting the table at the end of the Oklahoma Employment Security Act. If the fund is in conditions A, B, C, or D, the corresponding increase in rates can be found in 40 O.S. § 3-113.

The taxable wage base is determined as a percentage of the state's average annual wage. This figure changes annually and represents the amount of wages that are to be taxed per employee. In the year 2016, the taxable wage base was$17,500. Each employer is to report all wages on its quarterly report through the EZ Tax Express Online Filing System for employers, but taxes are paid at the assigned rate only up to the amount of the taxable wage base on each employee.

A successor or acquiring employer is one that meets the conditions of 40 O.S. § 3-111 and regulations of the OESC. To become a successor, an employer or business entity must substantially acquire all of the trade, employees, organization, business or assets of any employer and continue the operations of that

predecessor employer as an ongoing business. If this occurs, the successor shall acquire the rating account of the predecessor employer, including the predecessor's actual contribution and benefit experience, annual payrolls, and contribution rate. Effective 11/1/16, Section 3-111 will no longer be in effect for acquisitions that take place after that date. Section 3-111.1 which relates to commonly owned, managed and controlled entities will remain in effect for mandatory transfers.

For more information and changes, contact the rate department at the **Oklahoma Employment Security Commission** at (405) 557-7222.

Oklahoma Business Activity Tax (68 O.S. §§ 1215 et seq.)

In November 2012, Oklahoma voters approved State Question 766 which resulted in the elimination of the Oklahoma Business Activity Tax and the reinstatement of Oklahoma's Franchise Tax for tax years beginning on or after January 1, 2013.

Workers' Compensation Assessment (85A O.S. §122)

Each mutual or inter-insurance association, stock company, CompSource Oklahoma (CompSource Mutual) or other insurance carrier writing workers' compensation insurance in this state is required to pay an assessment to the Oklahoma Tax Commission according to a formula established by law based on a percentage of premiums written. The assessment is for the purpose of providing funds for the Workers' Compensation Fund, which was established to fund the activities of the Workers' Compensation Commission in administering the Administrative Workers' Compensation Act. The Oklahoma Workers' Compensation Commission is the agency responsible for handling claims of injured workers. Oklahoma workers whose claims are in dispute with their employer file a claim with the commission in order to get the case resolved in a timely manner. The new administrative system took effect February 1, 2014. This system will be beneficial to both workers and employers. It will be faster, which allows workers to return to work sooner and it will lower premiums on workers compensation insurance for employers thereby creating new jobs in Oklahoma's economy.

SB 1062 was enacted during the 2013 legislative session. The legislation:

- Reduces legal costs, medical costs, and excessive payouts to workers that have driven up costs for Oklahoma businesses and encouraged fraud.
- Reduces the costs for businesses by changing Oklahoma's current system from a court-based system to an administrative system allowing for more timely processing of claims and reducing the adversarial nature of the process for both workers and employers.
- Reducing cost for business and frees up private-sector resources that can be invested in jobs rather than lawsuits.
- Reforms ensure injured workers are treated fairly and given the medical care needed to return to work.

There may be a time delay in the new administrative systems for savings to be realized by business as the cases in the current court-based system are resolved.

Workers' compensation and tort reforms were enacted during the 2011 legislative session to spur economic development and increase competition, including within the insurance industry. Policy

discounts are available to firms participating in the Workers' Compensation Premium Reduction (WCPR) program at the Oklahoma Department of Labor. Discounts may also be available to certain employers that use the services of certified workplace medical plans. Additional information can be found on the Department of Labor's website at: **OSHA Safety Pays Workers Compensation Premium Reduction Program.**

Retail Sales and Use Tax

(68 O.S. §§ 1350 and 1401)

Base Sales Tax:

Gross proceeds or gross receipts from sales of tangible personal property and a few enumerated services to consumers or users.

Use Tax:

Purchase price of tangible personal property purchased outside the state of Oklahoma for use and/or consumption within the state by the purchaser.

Rate:

A 4.5% sales tax and use tax is levied by the state. Municipalities may levy an additional city sales tax by vote of the people. Counties may levy a county sales tax not to exceed 2% after voter approval. The governing body of a municipality or county levying a sales tax may also levy use tax at a rate that does not exceed the sales tax rate on tangible personal property purchased that is brought into the municipality or county.

For vendors with an average tax due of $2,500 per month, sales tax reports are due the 20th day of the month for sales during the first half of the month. For sales occurring during the second half of the month, sales tax reports are due on the 20th of the month following the sales – reports are delinquent if not received on that date. Except for vendors of certain building materials, vendors who reported an average of $2,500 per month in the prior fiscal year must participate in the Oklahoma Tax Commission's electronic funds transfer and electronic data interchange program. If good faith payments are made, as described in section 365 of Title 68, a taxpayer is considered to be in compliance. Direct pay permits may be obtained by those making purchases in excess of $800,000 annually. Oklahoma has signed the Streamlined Sales and Use Tax Administration Agreement.

Corporate State Income Tax

Rate: The portion of corporate income earned in Oklahoma and therefore subject to the 6% tax is based on a three-factor formula.

Corporate Sales Factor: Total sales attributed to Oklahoma divided by sales everywhere.

Property Factor: Taxpayer's average value of property (real and tangible personal property) owned or rented and used in Oklahoma divided by the average value of property (real and tangible personal property) used everywhere during the tax period. Property is valued at its original cost. Rented property is valued at eight times the net annual rate.

Payroll Factor: Compensation for services rendered (less officer's compensation) in Oklahoma divided by compensation for services rendered (less officer's compensation) everywhere.

- Double emphasis is placed on the sales factor for capital intensive firms of $200 million investment in a single project (must be completed within 3 years).
- Oklahoma wishes to tax only the income attributable to the Oklahoma operation. If the apportionment of business income of the enterprise by the Three Factor formula does not give a fair reflection of the taxpayers' activity in the state, with the Oklahoma Tax Commission approval, alternate methods may be used.
- Net operating losses may be carried forward 15 years and may be carried back two years for most companies.
- Corporate Income Tax returns are due by March 15th or by the 15th day of the third month after the end of the taxable year.
- Oklahoma recognizes an automatic extension granted by the Internal Revenue Service. A copy of that extension request should be attached to the Oklahoma return. A taxpayer may request original or additional extension on form 504. A corporation may request an extension of up to one month in excess of the federal extension.
- Generally, tax estimate payments are due quarterly or as specified on vouchers: April 15th, June 15th, September 15th, and January 15th; however, if the tax return is filed and payment made by January 31st, the January 15th payment does not have to be made.
- Taxpayers with Oklahoma taxable income of at least $1 million in one of three preceding years may annualize estimates as is allowed in the Internal Revenue Code on federal taxable income.

Withholding reports from businesses are due weekly, monthly (large companies), or quarterly (small companies). Every employer owing an average of $100,000 or more per month shall make deposits semi-weekly in accordance with federal schedules. Employers owing an average of $10,000 but less than $500 must pay monthly; less than $500 pays quarterly.

OVERVIEW OF INCENTIVES

Incentive Overview Chart

For manufacturers and certain types of service companies (research, development, and computer services), Oklahoma offers two options. Companies may choose either the Quality Jobs cash-back program, or the Investment or New Jobs income tax credit package. For manufacturers that invest over $40 million, both incentives may be available. **Tax credits accrue and may begin to be claimed on or after July 1, 2012.** For more information see **www.ok.gov/tax/documents/Rules.pdf** on the Oklahoma Tax Commission website.

Ad valorem exemptions are available for capital investments made by certain types of companies provided that qualified investment exceeds $250,000 within the calendar year, and the company complies with certain payroll thresholds; qualifications are sometimes industry specific.

The package may include a refund of sales taxes paid for construction materials by manufacturers. Effective July 1, 2011, incentives are also available to aerospace companies which hire engineers depending on the date of hire. For most service companies, the cash-back program is the primary incentive. Training costs are generally covered for industries making a significant contribution to the number and quality of Oklahoma jobs.

Benefits you should review for:	1. Cash Payments Quality Jobs	2. High Impact Cash Payments	3. Small Employer Cash Payments Quality Jobs	4. Investment New Jobs Income Tax Credit	5. Sales Tax Refunds	6. Ad Valorem Exemptions	7. Training for Industry "TIP"	8. Inventory Tax Exemption Freeport	9. Sales Exemptions	10. Computer R&D Jobs	11. Cash Payment 21st Century Jobs	12. Aerospace Engineer	13. Pooled Finance
Large Manufacturers $2.5 Million New Payroll	☑ Unless Taking #4, 5 or 13			☑ Unless Taking #1 or 13	☑ Unless Taking #1	☑	☑	☑	☑		☑	☑ If Aerospace Company	☑ Unless Taking #1 or 4
Medium-Size Manufacturers $1 Million New Payroll		☑ Unless Taking #5 or 13		☑ Unless Taking #2 or 13	☑ Unless Taking #2	☑	☑	☑	☑		☑	☑ If Aerospace Company	☑ Unless Taking #2 or 4
Small Business-Manufacturers 90 or less employees at application			☑ Unless Qualifying for #1 or 2	☑ Unless Taking #3 or 13		☑	☑	☑	☑		☑	☑ If Aerospace Company	☑ Unless Taking #3 or 4
Aircraft Maintenance	☑ Unless Taking #2, 3, 4, 5 or 13	☑ Unless Taking #1, 3, 4, 5 or 13	☑ Unless Qualifying for #1 or 2	☑ Unless Taking #1, 2 or 3	☑ Unless Taking #1, 2 or 3	☑	☑	☑	Repair Parts		☑	☑	☑ Unless Taking #1, 2, 3 or 4
Computer Services or Data Processing	☑	☑ Unless Qualifying for #1	☑ Unless Qualifying for #1 or 2		☑ Unless Taking #1, 2 or 3	☑	☑	☑	☑	☑ Unless Taking #1, 2 or 3	☑	☑ If Aerospace Company	☑ Unless Taking #1, 2 or 3
Research and Development	☑	☑ Unless Qualifying for #1	☑ Unless Qualifying for #1 or 2		☑ Unless Taking #1, 2 or 3	☑	☑	☑	Repair Parts	☑	☑	☑ If Aerospace Company	☑ Unless Taking #1, 2 or 3
Large Service Companies $2.5 Million New Payroll	☑						☑				☑	☑ If Aerospace Company	☑ Unless Taking #1
Small Business Service Companies		☑	☑ Unless Qualifying for #1 or 2				☑	☑			☑	☑ If Aerospace Company	☑ Unless Taking #1 or 3
Businesses Average Wage over $94,418	☑ Unless Taking #11 or 13			☑ If Manufacturer-Unless Taking 1 or 13	☑ If Manufacturer-Unless Taking #1	☑ If Manufacturing	☑	☑	☑ If Manufacturing		☑	☑ If Aerospace Company	☑ Unless Taking #1 or 4
Large Manufacturers $40 Million Investment Average Wage=$37,856	☑ Unless Taking #13			☑ Unless Taking #13	☑ Unless Taking #1	☑	☑	☑	☑		☑	☑ If Aerospace Company	☑ Unless Taking #1 or 4

Business Incentive Analysis Examples:

Example A- Small Manufacturer (NAICS 332) $30 million investment 200 jobs – Salary $38K/year

		Annual Estimate	Full Incentive
1a QUALITY JOBS OPTION			
Regular Quality Jobs (a Ten Year program)	(in 5% area)	$294,982	$2,949,821
1b OR ALTERNATIVES TO QUALITY JOBS			
Investment Tax Credit (a Five Year program)		$285,000	$1,425,000
Sales/Use Tax Reimbursement on Construction Materials	(one-time)	$477,375	$477,375
2 Five-Year Property Tax Exemption (a Five Year program)		$344,500	$1,722,499
3 Freeport Tax Exemption (annual perpetual)		$90,392	$903,922
4 Sales/Use Tax Exemption on Machinery and Equipment	(one-time)	$1,193,438	$1,193,438
5 Sales/Use Tax Exemption on Goods Consumed in Mfg. Process (annual perpetual)		$1,789,732	$17,897,319
6 Sales/Use Tax Exemption on Energy Use in Mfg. Process (annual perpetual)		$59,108	$591,077

Estimated Total Value of Incentives Over 10 Years		First Year Estimate	Full Incentive
*With 1a, Quality Jobs Cash Incentive	(in 5% area)	$3,772,151	$25,258,074
*With 1b, Investment Tax Credit Package		$4,239,544	$24,210,629

Example B- Data Center (NAICS 518210) $100 million investment 15 jobs – Salary $100K/year

		Annual Estimate	Full Incentive
1a QUALITY JOBS OPTION			
21st Century Quality Jobs (a Ten Year program)		**$150,000**	**$1,500,000**
2 Five-Year Property Tax Exemption (a Five Year program)		**$1,078,838**	**$5,394,188**
4 Sales/Use Tax Exemption on Machinery and Equipment	(one-time)	**$4,045,575**	**$4,045,575**

Estimated Total Value of Incentives Over 10 Years	First Year Estimate	Full Incentive
*With 1a, Quality Jobs Cash Incentive	**$5,275,413**	**$10,939,763**
*With 1b, Investment Tax Credit Package	N/A	**$9,439,763**

Example C- Large Manufacturer (NAICS 332) $100 million investment 750 jobs – Salary $40K/year

		Annual Estimate	Full Incentive
1a QUALITY JOBS OPTION			
Regular Quality Jobs (a Ten Year program)	(in 5% area)	$1,360,657	$13,606,568
1b OR ALTERNATIVES TO QUALITY JOBS			
Investment Tax Credit (a Five Year program)		$1,900,000	$9,500,000
Sales/Use Tax Reimbursement on Construction Materials	(one-time)	$1,591,250	$1,591,250
2 Five-Year Property Tax Exemption (a Five Year program)		$1,148,333	$5,741,663
3 Freeport Tax Exemption (annual perpetual)		$451,961	$4,519,608
4 Sales/Use Tax Exemption on Machinery and Equipment	(one-time)	$3,978,125	$3,978,125
5 Sales/Use Tax Exemption on Goods Consumed in Mfg. Process (annual perpetual)		$8,948,659	$89,486,594
6 Sales/Use Tax Exemption on Energy Use in Mfg. Process (annual perpetual)		$295,538	$2,955,384

Estimated Total Value of Incentives Over 10 Years		First Year Estimate	Full Incentive
*With 1a, Quality Jobs Cash Incentive	(in 5% area)	$16,183,273	$120,287,942
*With 1b, Investment Tax Credit Package		$18,313,866	$117,772,624

Example D- 21st Century Headquarters (NAICS 55114) $2.5 million investment 75 jobs – Salary $100K/year

	Annual Estimate	Full Incentive
1a QUALITY JOBS OPTION		
21st Century Quality Jobs (a Ten Year program)	**$750,000**	**$7,500,000**

Estimated Total Value of Incentives Over 10 Years	First Year Estimate	Full Incentive
*With 1a, Quality Jobs Cash Incentive	**$750,000**	**$7,500,000**

Example E- Quality Jobs Plus Investment Tax Credit (QJ+ITC) (NAICS 3363) $75 million investment 250 jobs ramp up to 500 jobs in year 3 – Salary $55K/year

		Annual Estimate	Full Incentive
1a QUALITY JOBS OPTION			
Regular Quality Jobs (a Ten Year program)		$1,227,188	$12,271,875
1b AND ADDITIONAL TO QUALITY JOBS			
Investment Tax Credit (a Five Year program)		$1,425,000	$7,125,000
Sales/Use Tax Reimbursement on Construction Materials	(one-time)	$1,591,250	$1,591,250
2 Five-Year Property Tax Exemption (a Five Year program)		$852,670	$4,263,348
3 Freeport Tax Exemption (annual perpetual)		$185,276	$1,852,758
4 Sales/Use Tax Exemption on Machinery and Equipment	(one-time)	$1,989,063	$1,989,063
5 Sales/Use Tax Exemption on Goods Consumed in Mfg. Process (annual perpetual)		$8,629,033	$86,290,331
6 Sales/Use Tax Exemption on Energy Use in Mfg. Process (annual perpetual)		$165,606	$1,656,062

Estimated Total Value of Incentives Over 10 Years	First Year Estimate	Full Incentive
*With 1a+b, Quality Jobs and Investment Tax Credit	$14,837,897	$104,767,812

Example F- Shared Services/Back Office/Financial Services (NAICS 5611) 300 jobs – Salary $45K/year

		Annual Estimate	Full Incentive
1a QUALITY JOBS OPTION			
Regular Quality Jobs (a Ten Year program)	(in 5% area)	$190,349	$1,903,495
1b OR ALTERNATIVES TO QUALITY JOBS			
Investment Tax Credit (a Five Year program)		$95,000	$475,000
2 Five-Year Property Tax Exemption (a Five Year program)		$105,277	$526,386
3 Freeport Tax Exemption (annual perpetual)		$35,032	$350,319
4 Sales/Use Tax Exemption on Machinery and Equipment	(one-time)	$404,558	$404,558
5 Sales/Use Tax Exemption on Goods Consumed in Mfg. Process (annual perpetual)		$910,039	$9,100,386
6 Sales/Use Tax Exemption on Energy Use in Mfg. Process (annual perpetual)		$30,055	$300,549

Estimated Total Value of Incentives Over 10 Years		First Year Estimate	Full Incentive
*With 1a, Quality Jobs Cash Incentive	(in 5% area)	$1,675,309	$12,585,692
*With 1b, Investment Tax Credit Package		$1,741,783	$11,319,020

Example G- Manufacturing Expansion (NAICS 332) $10 million investment 100 jobs – Salary $45K/year

		Annual Estimate	Full Incentive
1a QUALITY JOBS OPTION			
Regular Quality Jobs (a Ten Year program)	(in 5% area)	**$517,751**	**$5,177,505**

Estimated Total Value of Incentives Over 10 Years		First Year Estimate	Full Incentive
*With 1a, Quality Jobs Cash Incentive	(in 5% area)	**$517,751**	**$5,177,505**

Enterprise Zones

(62 O.S. § 690.1)

Enterprise Zones can be designated in disadvantaged counties, cities or portions of cities. The Oklahoma Department of Commerce designates enterprise zones and publishes lists of eligible counties, cities and census tracts.

Businesses located in an Enterprise Zone are eligible to receive double the **Investment/New Jobs Tax Credit.** Additionally, companies obtaining ad valorem exemptions from local taxing entities could be exempted for up to six years, rather than five. Refer to 62 O.S. § 860 for eligibility requirements.

An online searchable address map for all enterprise zones can also be found at **http://okcommerce.gov/data-and-research/maps/.**

If you have any questions, feel free to contact Lesli Crofford at **Lesli.Crofford@commerce.ok.gov** or (405) 815-5120.

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