



State of Oklahoma Incentive Evaluation Commission

2021 Incentive Guide

March 22, 2021

Draft – Commission Working Papers



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Capital Gain Deduction

Intent	Encourage investment in Oklahoma-based companies and capital
Start Date	January 1, 2006
End Date	N/A
Administered by	Tax Commission
Characteristics	<input type="checkbox"/> Refundable <input type="checkbox"/> Transferrable <input type="checkbox"/> Carry-Forward <input type="checkbox"/> Capped
Financial Impact	\$127,493,000 / 19,078 returns (per 2019-2020 OTC Tax Expenditure Report)
2017 Review Findings and Recommendations	<p>Overall Recommendation: Repeal</p> <p>Key Findings:</p> <ol style="list-style-type: none"> 1. The deduction was a significant net cost to the state with a total of \$465 million in foregone tax revenue from 2010 to 2014, while creating an estimated \$9 million in additional tax revenue over the same period 2. Individuals reporting \$200,000 or more in income account for the majority of deductions <p>Other Recommendations:</p> <ol style="list-style-type: none"> 1. Target the incentive to a specific industry 2. Require gains to be re-invested in Oklahoma 3. Improve data aggregation
Changes Following 2017 Review	None
2021 Criteria for Evaluation	<ol style="list-style-type: none"> 1. Number of qualified realized capital gains 2. Employment/capital/payroll associated with realized capital gains 3. Change in realized capital gains before/after the deduction 4. State return on investment

Statute Synopsis - §68-2358

Corporations, estates, trusts and individuals shall be allowed a deduction from Oklahoma taxable income for the amount of qualifying gains receiving capital treatment earned by the corporation, estate, trust or individual during the taxable year and included in the federal taxable income of such corporation, estate, trust or individual.

Qualifying gains include net capital gains resulting from:

- The sale of tangible personal property located in Oklahoma and owned directly or indirectly by the taxpayer for at least five years prior to the sale
- The sale of an ownership interest in an Oklahoma company, limited liability company, or partnership if such stock or ownership has been directly or indirectly owned by the taxpayer for at least three years prior to the sale
- The sale of real property, tangible personal property or intangible personal property located within Oklahoma as part of the sale of all or substantially all of the assets of an Oklahoma company, limited liability company, or partnership if such property has been owned directly or indirectly owned by the taxpayer for at least three years prior to the sale



Preliminary Benchmarking

Arkansas Capital Gains Tax Reduction

Arkansas exempts 50 percent of qualified net capital gains exceeding \$10 million resulting from the sale of real property located in Arkansas and stock in companies with a capitalization of less than \$100 million. Stock must be held for at least 5 years to qualify for the 50 percent deduction while stock held for least 10 years qualify for a 100 percent deduction. Net capital gains from venture capital investments in entrepreneurial enterprises doing business in Arkansas are 100 percent exempt if held for at least 5 years.

Colorado Capital Gains Subtraction

Colorado offers a full deduction of up to \$100,000 of qualified net capital gains received by any individual, firm, corporation, partnership, LLC, estate, or trust that makes a sale of real or tangible property regardless of the property's location. Qualifying real or tangible property must be held for at least 5 consecutive years. The sale of stocks or other financial instruments are not eligible for the deduction.

Idaho Capital Gains Deduction

Idaho provides a 60 percent deduction of net capital gains earned from the sale of real and tangible property. Eligible real property must be located in Idaho. The sale of stocks or other financial instruments are not eligible for the deduction.

Iowa Capital Gain Deduction

Net capital gains earned from the sale of real property or a business qualifies for a full deduction if either are held for at least 10 years. Taxpayers receiving greater than 50 percent of their income from farming and ranching are eligible for a full deduction of net capital gains from the sale of cattle, horses, and breeding livestock that have been held for at least 24 months and other livestock or timber held for at least 12 months. The sale of bonds and stocks qualify only if it is a sale of employer securities of an Iowa corporation to an Iowa employee stock ownership plan.

Mississippi Capital Gain Tax Exemption

Mississippi provides a full deduction of net capital gains earned from the sale of authorized shares in financial institutions located in Mississippi that have been held for more than 1 year. Other exemptions include gains on corporations or partnership interests in corporations located in Mississippi held for more than 1 year. Real and tangible property do not qualify for an exemption.

Montana Capital Gain Tax Credit

Montana offers a tax credit equal to 2 percent of the net capital gain shown on the Montana income tax return, reducing the 4 percent tax liability by half. All real and tangible property as well as intangible assets qualify for this deduction, regardless of location.

South Carolina Capital Gains Deduction

South Carolina provides individuals, estates, and trusts a 44 percent deduction of net capital gains. All real and tangible property as well as intangible assets qualify for this deduction, regardless of location.

Utah Capital Gain Tax Credit

Utah offers a tax credit equal to 5 percent of short or long-term net capital gains. Real property, regardless of location, and stocks issued by a qualified Utah small business corporation are both eligible capital gains for this credit. At least 70 percent of the proceeds of the capital gain transaction must be used to purchase qualifying stock in a Utah small business corporation within 12 months of the transaction.



Virginia Long-Term Capital Gains Tax Subtraction

Virginia allows a subtraction of income attributable to investment in a technology firm that has its principal facility located in Virginia and earned less than \$3 million in annual revenues prior to investment.

Wisconsin Capital Gains Deduction

Wisconsin allows a 30 percent deduction of the net capital gains earned from the sale of assets held for more than one year. Net capital gains from the stock of a small business, regardless of location, or an investment in a qualified Wisconsin business also qualify. The deduction increases to 60 percent for net long-term capital gains earned from the sale of farm assets.



Home Office Tax Credit

Intent	Attract insurance industry jobs to Oklahoma
Start Date	November 1, 1987
End Date	None
Administered by	Oklahoma Insurance Department
Characteristics	<input type="checkbox"/> Refundable <input type="checkbox"/> Transferrable <input type="checkbox"/> Carry-Forward <input type="checkbox"/> Capped
Financial Impact	\$20.9 million in 2015 (per 2017 evaluation)
2017 Review Findings and Recommendations	<p>Overall Recommendation: Reconfigure</p> <p>Key Findings:</p> <ol style="list-style-type: none"> 1. Insurance industry employment declined 4.2 percent from 2001 to 2015, despite the credit 2. Program benefits show little connection to employment growth. Program costs increased 43 percent from 2009 to 2015 while the number of employees reported by qualifying firms increased just 11 percent. 3. No economic impact could be attributed to the program due to its lack of connection to job growth <p>Other Recommendations:</p> <ol style="list-style-type: none"> 1. Reconfigure the program to better relate to job growth 2. Collect payroll data from companies receiving credits to improve future evaluations
Changes Following 2017 Review	None
2021 Evaluation Criteria	<ol style="list-style-type: none"> 1. Change in employment for eligible insurers before/after credit 2. Distribution within the categories of number of full-time employees claimed 3. Change in payroll for eligible insurers before/after credit 4. Average wage for eligible insurers before/after credit <p>Change in employment for industry versus other states without credit</p>

Statute Synopsis - §36-625.1

Insurers establishing home offices in the state are eligible for tax credits equal to the following percentage of total premium tax due, net of a 47 percent apportionment to the Oklahoma Police Pension and Retirement Fund and Law Enforcement Retirement Fund.

Full-time Employees	Foreign/Alien Insurers	Domestic Insurers
201 to 299	15%	-
301 to 399	25%	-
401 to 499	35%	35%
500 or more	50%	50%



Preliminary Benchmarking

Arkansas Salaries Credit Allowance (“Home Office Credit”)

Arkansas provides insurers a credit against its 2.5 percent premium tax equal to the noncommissioned salaries and wages of the insurer’s Arkansas based employees connected to its insurance operations. Eligible employees must be employed for at least six months in the facilities for the salaries and wages to qualify for the credit. Each insurer is eligible to receive a maximum of \$18 million annually and may not reduce its premium tax liability by more than 80 percent in any given year.

Colorado Regional Home Office Rate Reduction

Colorado allows insurers to reduce their 2 percent premium tax liability by 50 percent if they maintain a “home office” or “regional home office” in Colorado. Insurers can qualify for a “home office” or “regional home office” if its Colorado office substantially performs actuarial, medical, legal, and other operations functions in three or more states or maintains significant direct insurance operations in Colorado critical to their in-state business, respectively.

Nevada Home Office Premium Tax Credit

Domestic or foreign insurers which maintain a home office or regional home office in the state of Nevada are entitled to a premium tax credit. The credit is equal to 50 percent of premium tax and the full amount of ad valorem taxes paid by the insurer during the calendar year. The aggregate amount of credits provided to all insurers cannot exceed \$5 million.

North Dakota Examination Fees and Home Office Tax Credit

Insurers may take a tax credit equal to the examination fees paid to the North Dakota Department of Insurance, and a credit for ad valorem taxes paid by the insurer during the calendar year.

South Dakota Regional Home Office Tax Credit

South Dakota allows insurers to reduce their 2.5 percent premium tax liability by 50 percent or an amount equal to ad valorem taxes or payments in lieu of taxes paid by such insurer. The maximum benefit provided from this program is 30 percent of the amount of the tax otherwise payable without the application of the credit.



Quality Jobs Program	
Intent	To support establishments of certain industries that hold promise of significant development of the state's economy by providing incentives connected to jobs created in the state
Start Date	July 1, 1993
End Date	None
Administered by	Department of Commerce
Characteristics	<input type="checkbox"/> Refundable <input type="checkbox"/> Transferrable <input type="checkbox"/> Carry-Forward <input type="checkbox"/> Capped
Financial Impact	\$53,585,358 in 2020 (per Oklahoma Tax Commission)
2017 Review Findings and Recommendations	<p>Overall Recommendation: Retain, with modifications</p> <p>Key Findings:</p> <ol style="list-style-type: none"> 1. The program is a net benefit to the state 2. Effective cost controls are in place 3. The program's cost per job was about \$13,000 4. Industries targeted by the program grew more slowly than the state as a whole <p>Other Recommendations:</p> <ol style="list-style-type: none"> 1. Require companies to file information for payment each quarter 2. Establish a regular review of eligible industries to better target the program 3. Maintain a centralized database of information collected by the Department of Commerce and the Tax Commission
Changes Following 2017 Review	<ol style="list-style-type: none"> 1. Five percent of quarterly incentive payments are now deposited in the Oklahoma Quick Action Closing Fund 2. Participants are not required to meet payroll requirements to receive rebate payments from April 1, 2020 through June 30, 2021
2021 Evaluation Criteria	<ol style="list-style-type: none"> 1. Change in jobs associated with the cash rebates 2. Change in payroll associated with the cash rebates 3. Ability of program administrative processes to establish the factual basis for claims related to hours, wages, and benefits 4. Change in capital investment associated with the cash rebates 5. "But-for" test – change in jobs/payroll/capital associated with the cash rebates versus state growth rates as a whole 6. Change in jobs/payroll/capital in the qualifying industries versus state industries as a whole 7. State return on investment



Statute Synopsis - §68-3601

The program provides qualifying enrolled companies quarterly cash rebates, of up to five percent of newly created taxable payroll, for 10 years. In order to qualify for the rebates, certain requirements must be met:

Basic Industry All applicants must be within a qualifying basic industry in order to receive benefits. Regardless of a company's overall North American Industry Classification System number (NAICS No.), the activities and functions of new direct jobs¹ must be within a qualifying basic industry.²

New Payroll Threshold A qualified company must achieve \$2.5 million in new annualized payroll, for new full-time employees, during any four consecutive quarters in its first 12 quarters in the program. If the payroll threshold is not achieved, payments cease. A lower payroll threshold of \$1.5 million is available for certain food processing and research and development projects or to firms that locate on certain former military bases. No payroll threshold is enforced for businesses locating within 10 acres of Superfund sites or a site 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.

Health Insurance Coverage All businesses must offer basic health insurance coverage to new employees for which employees pay no more than 50 percent of the premium cost. Employees must be allowed access to the coverage within 180 days of employment.

Minimum Wage Requirement Establishments are required to pay new direct jobs 110 percent of the average county wage, including health care premiums paid by the applicant, or 100 percent of the average county wage, excluding health care premiums paid by the applicant. The maximum required in any county, regardless of the average county wage, is \$35,376. Applicants located in opportunity zones, designated by the Department of Commerce, are exempted from the requirement. While a company has three years to ramp up to the \$2.5 million payroll threshold, they must meet the average wage requirement quarter by quarter. New jobs and wages are tracked beginning with the first quarter after the company enters the program.³

Payments are based on gross payroll of new jobs multiplied by a net benefit rate calculated by the Department of Commerce as estimated direct and indirect state benefits in the form of additional tax revenue less direct and indirect state costs (public education, transportation, safety, etc) resulting from new jobs, as a percentage of gross payroll for the new jobs. It is generally capped at 5 percent but may be up to 6 percent for establishments that have been awarded a Department of Defense contract, certain expansions, and establishments where 10 percent of payroll is US military veterans.

Establishments are required to repay all incentive payments received under the Oklahoma Quality Jobs Program Act if the establishment is determined by the Oklahoma Tax Commission to no longer have business operations in the state within three years from the beginning of the calendar quarter for which the first incentive payment claim is filed.

¹ New Direct Job is full-time-equivalent employment in Oklahoma which did not exist in this state prior to the date of application approval

² See Appendix A for list of basic industries

³ <https://www.okcommerce.gov/wp-content/uploads/Quality-Jobs-Guidelines.pdf>



Preliminary Benchmarking

Louisiana Quality Jobs

Louisiana provides qualified businesses up to a 6 percent cash rebate on annual gross payroll for new full-time jobs for an initial five-year term with an option for a five-year renewal; and either a state sales/use tax rebate on capital expenditures or a 1.5 percent project facility expense rebate on qualified capital investments. Eligible businesses must have more than 50 employees and have created at least 15 new full-time jobs meeting a total payroll requirement of at least \$675,000. Each new employee must be paid at least \$18 per hour and be provided a basic healthcare plan that is compliant with federal healthcare requirements.

Missouri Works

Qualified businesses may retain 100 percent of the State payroll withholding tax or are given a tax credit of 6 to 7 percent of new payroll. Businesses must create at least 10 new full-time jobs, or at least 2 if located in rural area or other designated area, and pay new employees at least 90 percent of the County average wage to receive the benefits of this program. Employers must also provide health insurance that is at least 50 percent covered by the business.

Advantage Arkansas Income Tax Credit

This program offers tax credits to qualified businesses ranging from one to four percent of payroll for a period of five years. The percentage of payroll varies based on the location of the business within Arkansas. Businesses must meet a minimum total payroll threshold of \$50,000 new employees, depending on the county, and the average hourly wage must be at least \$12.50. An additional benefit of one percent of payroll can be earned if the average wages of new employees exceed 125 percent of the lesser of the state or county average wage.

Colorado Job Growth Incentive Tax Credit

Colorado provides employers a State income tax credit equal to 50 percent of the FICA tax per new job added. Credits can be claimed for up to 8 consecutive years and eligible employers must create at least 20 net new full-time jobs in Colorado during this period with an average yearly wage of at least 100 percent of the county average wage rate based on the employer's location.

Kansas Promoting Employment Across Kansas (PEAK) Program

Kansas provides businesses up to a 95 percent refund of the payroll withholding tax of qualified new jobs created in Kansas for up to seven years. Eligible employers must create at least 10 new jobs, if located in a metropolitan area, or at least 5 new jobs, if located in a non-metropolitan area, within a 2-year period. New employee wages must be greater than or equal to the county's median wage and the employer must provide a healthcare plan and pay at least 50 percent of the premium. Businesses that create at least 100 new jobs within 2 years may be eligible to receive benefits for up to 10 years.



21st Century Quality Jobs

Intent	To attract growth industries to Oklahoma by rewarding businesses that have a highly skilled, knowledge-based workforce
Start Date	November 1, 2009
End Date	None
Administered by	Department of Commerce
Characteristics	<input type="checkbox"/> Refundable <input type="checkbox"/> Transferrable <input type="checkbox"/> Carry-Forward <input type="checkbox"/> Capped
Financial Impact	\$8.9 million in 2016 (per 2017 evaluation)
2017 Review Findings and Recommendations	<p>Overall Recommendation: Retain, with modifications</p> <p>Key Findings:</p> <ol style="list-style-type: none"> 1. The program was a net benefit to the state 2. Industries targeted by the program grew at a rate exceeding or matching the growth of the state as a whole 3. Effective cost controls are in place <p>Recommendations:</p> <ol style="list-style-type: none"> 1. Require companies to file information for payment each quarter 2. Establish regular review of targeted industries 3. Maintain a centralized database of information collected by the Department of Commerce and the Oklahoma Tax Commission
Changes Following 2017 Review	<ol style="list-style-type: none"> 1. Five percent of quarterly incentive payments are now deposited into the Oklahoma Quick Action Closing Fund
2021 Evaluation Criteria	<ol style="list-style-type: none"> 1. Change in jobs associated with the cash rebates 2. Change in payroll associated with the cash rebates 3. Ability of program administrative processes to establish the factual basis for claims related to hours, wages, and benefits 4. Change in capital investment associated with the cash rebates 5. Number/amount of incentives by industry 6. But-for-test – change in jobs/payroll/capital associated with the cash rebates versus state growth rates as a whole 7. Change in jobs/payroll/capital in the qualifying industries versus state industries as a whole 8. State return on investment



Statute Synopsis - §68-3911-3920

Qualifying companies may be eligible for up to 10 percent of the taxable payroll of these new jobs, to be paid in cash on a quarterly basis for up to 10 years. To qualify, the following requirements must be met:

Basic Industry All applicants must be within a qualifying basic industry⁴ to receive benefits. The list of qualifying industries includes all those of the regular Quality Jobs program (with the exception of Oil & Gas Companies), and a list of industries added for 21st Century Quality Jobs only. Applicants in some industries are required to have and maintain an out-of-state sales threshold of 5 percent.

New Job Creation The applicant must create a minimum of 10 New Direct Jobs within the qualifying industry activity.⁵ The company has up to 3 years to achieve this level of jobs to qualify for a full 10 years of program participation. Should the company not be able to add the 10 new jobs by the end of the third year, they are dismissed from the program.

Health Insurance Coverage Companies must offer new employees a basic health insurance plan within 12 months of employment for which the employees pay no more than 50 percent of the premium.

Average Wage Requirement Employees must be paid an annualized wage greater than or equal to 300 percent of the average of Oklahoma County wage for the county in which the applicant is located; provided, no average wage requirement shall exceed the state index wage, currently \$104,954. Employees must be paid at this annualized wage on a quarter by quarter basis throughout the program for the company to receive benefit payments.⁶

Payments are based on gross payroll of new jobs multiplied by a net benefit rate calculated by the Department of Commerce as estimated direct and indirect state benefits in the form of additional tax revenue less direct and indirect state costs (public education, transportation, safety, etc) resulting from new jobs, as a percentage of gross payroll for the new jobs. The initial net benefit rate is capped at 7 percent for the first 12 quarters of enrollment in the program, or until 10 new direct jobs are created. Once the establishment creates 10 new direct jobs, the cap increases to 10 percent.

Preliminary Benchmarking

Georgia Quality Jobs Tax Credit

Georgia provides qualifying businesses tax credits ranging from \$2,500 - \$5,000 for each new job added for five years. To qualify, businesses must have created 50 new jobs that pay 10 percent greater than the County average wage over a 24-month period. Once businesses qualify for the program, each qualified new job created over a seven-year period is eligible to receive the tax credit for five years.

New Mexico High Wage Jobs Tax Credit

New Mexico provides qualifying businesses a tax credit of 8.5 percent of new payroll that has a maximum benefit of \$12,750 per new job added. Qualified jobs must pay at least \$40,000, depending on the location of the business, and qualified employees must have occupied the job for at least 44 weeks and live in New Mexico before receiving the credit. Qualified employers can claim the credit for each new employee for up to 4 years.

⁴ See Appendix B for list of basic industries

⁵ New Direct Job is full-time-equivalent employment in Oklahoma which did not exist in this state prior to the date of application approval

⁶ <https://www.okcommerce.gov/wp-content/uploads/21st-Century-Quality-Jobs-Guidelines.pdf>



South Carolina Jobs Tax Credit

South Carolina provides qualifying businesses a tax credit of up to \$25,000 per new job for up to five years based on the unemployment rate and per capita income of the county where the business is located. Employers with more than 100 employees must create 10 new jobs annually while employers with less than 100 must create at least 2. Average wages of new jobs must be 2.5 times the lesser of the county or state per capita income.



Small Employer Quality Jobs Program

Intent	To support the creation of quality jobs in the state, particularly by small businesses, in certain industries
Start Date	January 1, 1998
End Date	None
Administered by	Department of Commerce
Characteristics	<input type="checkbox"/> Refundable <input type="checkbox"/> Transferrable <input type="checkbox"/> Carry-Forward <input type="checkbox"/> Capped
Financial Impact	\$348,770 in 2018 (per Department of Commerce Small Employer Quality Jobs Program 2019 Triennial Report)
2017 Review Findings and Recommendations	<p>Overall Recommendation: Retain, with modifications</p> <p>Key Findings:</p> <ol style="list-style-type: none"> 1. The program was a net benefit to the state 2. The program's cost per job was about \$6,700 3. Effective cost controls are in place 4. Industries targeted by the program grew more slowly than the state as a whole <p>Other Recommendations:</p> <ol style="list-style-type: none"> 1. Require companies to file information for payment each quarter 2. Establish regular review of targeted industries 3. Maintain a centralized database of information collected by the Department of Commerce and the Tax Commission
Changes Following 2017 Review	<ol style="list-style-type: none"> 1. Eligibility size of the applicants increased from 90 or less at the time of application to 500 or less 2. Applicants must create a minimum number of new jobs based on either the size of the community (population) where the company is located (5, 10, or 15) or the percentage increase in the applicant's workforce (5, 7.5, or 10 percent) 3. Out-of-state sales requirement was changed from 75 percent of revenue to 35 percent for the first two years and subsequently 60 percent 4. Five percent of quarterly payments are now deposited into the Oklahoma Quick Action Closing Fund
2021 Evaluation Criteria	<ol style="list-style-type: none"> 1. Change in jobs associated with the cash rebates 2. Change in payroll associated with the cash rebates 3. Change in capital investment associated with the cash rebates 4. But-for-test – change in jobs/payroll/capital associated with the cash rebates versus state growth rates as a whole 5. Change in jobs/payroll/capital in the qualifying industries versus state industries as a whole <p>State return on investment</p>



Statute Synopsis - §68-3901

Provides qualifying enrolled companies quarterly cash rebates, of up to five percent of newly created taxable payroll, for up to 7 years. In order to qualify for the rebates, the company must meet the following requirements:

Basic Industry All applicants must be within a qualifying basic industry in order to receive benefits.⁷ Regardless of a company's overall North American Industry Classification System number (NAICS No.), the activities and functions of new direct jobs must be within a qualifying basic industry.

Employment Threshold To be eligible, a company may have no more than 500 employees at the time of application. Based on the population of the city where the project is to be located, the applicant company must increase its workforce by the greater of between 5 and 15 new jobs or 5 to 10 percent. Most companies have 24 months to reach these job creation requirements; however, companies in the fields of Research & Development, Testing Labs, Software Publishing, Computer Systems Design, Data Processing, Hosting, and Related, and Medical & Diagnostic Labs have up to 36 months to create these jobs.

Health Insurance Coverage All businesses must offer basic health insurance coverage to employees that are part of the job creation requirement for which employees pay no more than 50 percent of the premium cost. The company has 12 months to institute this health insurance coverage policy, and employees must be allowed access to the coverage within 12 months of employment.

Wage Requirements The business must pay to the employees included in the application an average of 110 percent of the average county wage where the project is located. The company may elect to include the cost of health benefits paid on behalf of the employee if they so choose, but if doing so, must pay an average of 125 percent of average county wage to employees included in the application. Applicants in certain counties deemed to be economically challenged may qualify at an average wage of 100 percent of the county average.

Out-of-State Sales Requirements All companies applying must have or must collect 35 percent of its revenue from out-of-state sales for the first two years of participation and subsequently 60 percent. Warehouses serving as distribution centers may qualify by distributing at least 40 percent of inventory to out-of-state locations and adjustment and collection services establishments must have at least 75 percent of loans to be serviced by out-of-state debtors. A company may also meet this requirement by selling to a buyer who will resell the items to out-of-state buyers for ultimate use, or to the federal government. Research and development companies and testing labs are excused from the out of state sales requirement.⁸

Incentive payments are based on the net benefit rate multiplied by the actual gross taxable payroll of new direct jobs. Establishments cannot receive both Quality Jobs payments and Small Employer Quality Jobs payments.

Payments are based on gross payroll of new jobs multiplied by a net benefit rate calculated by the Department of Commerce as estimated direct and indirect state benefits in the form of additional tax revenue less direct and indirect state costs (public education, transportation, safety, etc.) resulting from new jobs, as a percentage of gross payroll for the new jobs. This rate may vary but is capped at 5 percent. Payments, cumulatively, must not exceed the net benefit to the state, as calculated by the Department of Commerce.

⁷ See Appendix C for a list of basic industries

⁸ <https://www.okcommerce.gov/wp-content/uploads/Small-Employer-Quality-Jobs-Guidelines.pdf>



Preliminary Benchmarking

Alabama Full Employment Act of 2011

Alabama offers a one-time tax credit of \$1,000 for each new job created by a small business located in Alabama with no more than 50 employees. Qualifying employees must maintain employment for 12 months before receiving the credit and have a wage of \$10 per hour or more.

South Carolina Small Business Job Tax Credit

South Carolina offers qualifying small businesses up to \$8,000 per year each for each new, full-time job created. Small businesses can receive the credit for up to 5 years and the benefit amount is dependent on location within the state. To qualify, small businesses must have no more than 99 employees worldwide, create an average of 2 new jobs per month, and maintain those jobs throughout the credit period.

Illinois Small Business Job Creation Tax Credit

Illinois offers small businesses up to \$5,000 per new employee hired in a calendar year. To receive the credit, a small business must have no more than 50 full-time employees worldwide and each new employee must be retained for at least a year. This program requires that each new employee is paid at least \$10 per hour. Over the lifespan of this program, the maximum amount of credits distributed is limited to \$75 million.

Kentucky Small Business Tax Credit

Kentucky provides a tax credit between \$3,500 and \$25,000 to each small business, with no more than 50 employees, that creates at least one new job and invests \$5,000 or more in qualifying equipment or technology. Each new job must pay at least 150 percent of the federal minimum wage. Kentucky has a statutory cap of \$3 million per year in benefits.

Louisiana Quality Jobs

Louisiana provides small businesses a cash rebate of up to 6 percent of the annual gross payroll of new full-time jobs for an initial five-year term with an option for a five-year renewal. Small businesses must have no more than 50 employees and have created at least 5 new full-time jobs that meet a total payroll requirement of at least \$225,000. New employees must be paid at least \$18 per hour and be provided a basic healthcare plan that is compliant with federal healthcare requirements. In addition to this cash rebate, the program also offers either a state sales/use tax rebate on capital expenditures or a 1.5 percent project facility expense rebate on qualified capital investments.



Coal Tax Credits	
Intent	Incent the use and production of Oklahoma-mined coal
Start Date	For purchasers of Oklahoma coal: January 1, 1993 For producers of Oklahoma coal: January 1, 2001
End Date	December 31, 2021
Administered by	Tax Commission
Characteristics	<input checked="" type="checkbox"/> Refundable <input checked="" type="checkbox"/> Transferrable <input checked="" type="checkbox"/> Carry-Forward <input checked="" type="checkbox"/> Capped
Financial Impact	\$3,202,000 (per 2019-2020 OTC Tax Expenditure Report)
2017 Review Findings and Recommendations	<p>Overall Recommendation: Repeal</p> <p>Key Findings:</p> <ol style="list-style-type: none"> 1. Coal production in the state has decreased over time 2. Coal industry jobs in the state have decreased over time 3. Average annual pay in the mining industry is consistently higher than the average annual pay across all private industries in the state 4. There is no evidence of increased capital investment associated with the coal tax credits 5. It is difficult to evaluate the importance of the coal tax credits on the long-term outlook for this sector 6. It is not possible to evaluate the state's return on investment due to data limitations <p>Other Recommendations:</p> <ol style="list-style-type: none"> 1. Reconfigure the program 2. Continue to improve data collection associated with the credits
Changes Following 2017 Review	<ol style="list-style-type: none"> 1. Effective January 1, 2018, program has an annual cap of \$5 million. The Tax Commission is to calculate and publish a % by which credits will be reduced if total credits exceed the cap⁹ (HB 1034 of 2018) <i>Note: For tax year 2020, the full amount of the statutory credit is available</i>
2021 Evaluation Criteria	<ol style="list-style-type: none"> 1. Incentive usage over time (number and value of claims) 2. Change in coal production over time in Oklahoma and relative to other coal-producing states 3. Change in Oklahoma's share of coal production over time 4. Change in number of coal producers/sites over time in Oklahoma and relative to other states 5. Change in number of consumers of Oklahoma coal over time 6. State return on investment

⁹ Formula = \$5 million divided by the credits claimed in the second preceding year. In the event that total credits authorized exceed \$5 million per calendar year, the OTC will permit any excess over \$5 million but will factor the excess into the percentage adjustment formula for subsequent years. Credits authorized but not able to be used due to this rule can be carried over until fully used.



Statute Synopsis - § 68-2357.11

Coal tax credits are provided to producers and purchasers of Oklahoma-mined coal.

- **Purchasers:** 68 O.S. § 2357.11 (B) provides a coal credit, for the purchase of Oklahoma-mined coal, to businesses providing water, heat, light or power from coal to the citizens of Oklahoma or to those that burn coal to generate heat, light or power for use in manufacturing operations in Oklahoma. Between January 1, 2007 and December 31, 2021, the credit is equal to \$2.85 per ton of Oklahoma-mined coal purchased PLUS an additional \$2.15 per ton of Oklahoma-mined coal.
- **Producers:** 68 O.S. § 2357.11 (D) provides a coal credit to businesses primarily engaged in mining, producing or extracting coal in this state. A valid permit issued by the Oklahoma Department of Mines must be held. The credit provided in this paragraph will not be allowed for coal mined, produced or extracted in any month in which the average price of coal is \$68 or more per ton, excluding freight charges. Between July 1, 2006 and December 31, 2021, the credit is equal to \$5 per ton of coal mined, produced, or extracted in on, under or through a permit in the state.

For both incentives, the amount of the credit allowed is equal to 75 percent of the amount otherwise provided. Any credit earned but not used may be partially refundable.

Preliminary Benchmarking

In addition to Oklahoma, 13 states were found to offer coal-related incentives. While some are targeted at producers of coal, others provide the benefit to the producer/end user of the coal. Further, while the goal of most programs is to increase production/consumption of coal, certain incentives have an environmental component meant to reduce emissions. Other state incentives identified include:

Alabama

The Coal Producers Corporate Income Tax Credit provides \$1 per ton of increased production of coal over the previous year's production. *(for producers; incentivizes production generally)*

Arkansas

The Coal Mining Income Tax Credit is offered to coal producers in the amount of \$2 per ton of coal mined, produced or extracted on each year. An additional credit of \$3 per ton is allowed for each ton of coal mined in Arkansas in excess of 50,000 tons per tax year, if sold to an electric generation plant for less than \$40 per ton, excluding freight charges. *(for producers; incentivizes production generally)*

Indiana

Indiana's Coal Gasification Technology Investment Tax Credit is provided for qualified investments in integrated gasification combined cycle (IGCC) power plants. Must be a newly constructed generating facility located in Indiana serving primarily Indiana retail customers. *(for consumers; incentivizes reduced emissions)*

Kentucky

The Commonwealth offers several coal-related incentives, including:

- The Coal Incentive Tax Credit provides \$2 per ton of coal used to generate electric power or used as feedstock for an alternative fuel facility. Incentive tons are calculated as current year tons minus tons purchased and used in prior year. *(for consumers)*



- The Clean Coal Incentive Tax Credit provides \$2 per ton of coal not already claimed as a credit under the Coal Incentive Tax Credit. *(for consumers)*
- Under the Kentucky Industrial Revitalization Act, investments in the rehabilitation of coal mining and processing (or manufacturing) operations that are in imminent danger of permanently closing or have closed temporarily may qualify for tax credits. Tax incentives are available for up to 10 years. Credit amounts are up to 100 percent of corporate income or limited liability entity tax liability arising from the project. Wage assessment incentives are up to five percent of gross wages of each employee. The employee receives credits for the fees against state income taxes and local occupational taxes so there is no impact on the employee. *(for producers)*
- The Local Government Economic Development Fund provides grants of coal severance and processing tax revenues to coal-producing counties. Program is meant to assist counties in diversifying their local economies beyond coal production and meet other community development needs. *(for local governments)*

Maryland

The Maryland-Mined Coal Tax Credit, available to electricity supplies, public service companies and co-generators that purchase coal mined in MD on or before December 31, 2020, provides \$3 per ton of MD-mined coal purchased during the tax year (but cannot exceed the credit amount approved by SDAT). *(for consumers)*

Montana

The State offers two coal-related incentives, including:

- The Mineral and Coal Exploration Incentive Credit can be claimed for certified expenditures of mining exploration activities not to exceed 50 percent of tax liability. *(for producers)*
- The New Underground Coal Severance Tax Exemption provides a reduced coal gross proceeds tax rate of 2.5 percent for new and existing underground mines for the first 10 years of coal production. *(for producers)*

New Mexico

An Advanced Energy Tax Credit is available to coal-based electric generating facilities (new or repowered generating facilities and associated coal gasification facility, if any, that uses coal to generate electricity and that meets certain specifications). *(for consumers)*

North Dakota

The State has four coal-related tax incentives, including:

- The Coal Conversion Facility Privilege Tax Exemption is essentially a payment (privilege tax) in lieu of taxes on the (electrical generating or other coal conversion) facility. The land on which the plant is located remains subject to property tax. *(for consumers)*
- The Coal Gasification Byproducts Sales Tax Exemption is granted for purchasing tangible personal property used to construct or expand a facility in ND to extract or process by products associated with coal gasification. *(for consumers)*
- The Coal Mine Machinery or Equipment Sales Tax Exemption is granted for machinery or equipment used to produce coal from a new mine in ND. The exemption for each new mine is limited to the first \$5 million of sales and use tax paid. The exemption extends to replacement machinery or equipment if the capitalized investment in the new mine exceeds \$20 million. *(for producers)*
- The Sales Tax Exemption for Coal-Powered Electrical Generating Facilities is granted for purchasing building materials, production equipment and other tangible personal property used in the construction or expansion of coal-powered electrical generating facilities. To qualify, the facility must convert coal in its natural form or beneficiated coal into electrical power and have at least one single electrical generation unit with a capacity of 50,000 kilowatts or more. *(for consumers)*



Ohio

The Qualified Energy Project Tax Exemption provides owners or lessees of renewable, clean coal, advanced nuclear and cogeneration energy projects with an exemption from the public utility tangible personal property tax. *(for consumers; incentivizes reduced emissions)*

Pennsylvania

The Coal Refuse Energy and Reclamation Tax Credit provides tax credits to eligible facilities which generate electricity by using coal refuse for power generation, control acid gases for emission control and use ash produced by the facilities to reclaim mining-affected sites. *(for consumers)*

Virginia

- The Coal Employment and Production Incentive Tax Credit was established in 1986 to encourage power plants to buy coal for electricity generation. The credit is equal to \$1 per ton for each ton of coal purchased and consumed. *(for consumers)*
- The Coalfield Employment Enhancement Tax Credit can be used by any coal-related company (“any person who has an economic interest in coal mined in the Commonwealth”); was adopted in 1995 to make VA more competitive in the coal markets. For metallurgical coal mined by underground methods, the credit is between \$1 and \$2 per ton, based on seam thickness. In addition, producers of coalbed methane are allowed a credit in the amount of \$0.01 per million BTUs of coalbed methane produced. *(for consumers and producers)*

Washington

The state offers a Sales and Use Tax Exemption for Purchases of Coal Used in Electric Generation. *(for consumers)*

West Virginia

West Virginia has three coal-related incentives, including:

- The Coal Loading Facilities Tax Credit provides a tax credit to firms that build or construct a new or expanded coal loading facility or revitalize an existing coal loading facility. The credit is equal to 10 percent of the eligible investment. One-tenth of the credit is taken each year for ten consecutive years beginning with the year in which the facility is first placed in service or use in the state. *(for producers)*
- The Energy Intensive Industrial Consumers Revitalization Tax Credit provides a tax credit to coal producers that supply coal to a West Virginia electric utility that provides a special rate to one or more energy intensive industrial consumers of electric power. A total of \$20 million is available each year. If the total is not used, annual credit up to a total of \$15 million may be carried forward to future years. The amount of credit available to any taxpayer in a calendar year cannot exceed 93 percent of the total annual coal severance tax liability. *(for producers)*
- The Waste Coal Grant Program is a state-funded grant program that provides funding for economic development and infrastructure projects through the collection of severance taxes to counties where an eligible company is involved in extracting and recovering material from a refuse, gob pile or other source waste coal for profit. *(for local governments)*



Ethanol Fuel Retailer Tax Credit

Intent	Increase the sale of ethanol-blended gasoline in Oklahoma
Start Date	January 1, 2006
End Date	None
Administered by	Oklahoma Tax Commission
Characteristics	<input type="checkbox"/> Refundable <input type="checkbox"/> Transferrable <input type="checkbox"/> Carry-Forward <input type="checkbox"/> Capped
Financial Impact	\$1,176,110 across 32 companies in 2016 (per 2017 evaluation)
2017 Review Findings and Recommendations	<p>Overall Recommendation: Repeal</p> <p>Key Findings:</p> <ol style="list-style-type: none"> 1. Consumption of ethanol in Oklahoma has increased significantly, while consumption of gasoline has flattened 2. Previously lagging the nation, per capita ethanol consumption in Oklahoma now mirrors the U.S., but its per capita gasoline consumption continues to exceed the national average 3. The return on investment for this program is negative. The net impact to the State is estimated to be -\$6.2 million between 2011 and 2015 4. Oklahoma's program is not as robust as other states' incentives 5. The program does not provide specific financial protections – but the State is unlikely to be at risk of significant increases 6. Reporting and administrative issues exist <p>Other Recommendations (if program is retained):</p> <ol style="list-style-type: none"> 1. Reconfigure the tax credit application process
Changes Following 2017 Review	None identified
2021 Evaluation Criteria	<ol style="list-style-type: none"> 1. Incentive usage over time (number and value of claims) 2. Change in ethanol-blended fuel consumption versus non-blended fuel over time in Oklahoma and relative to other states 3. Change in ethanol-blended fuel as a share of total fuel consumed over time in Oklahoma and relative to other states 4. Change in number/share of fueling stations selling ethanol-blended fuel over time in Oklahoma and relative to other states 5. State return on investment



Statute Synopsis - §68-500.10-1

Retailers who sell fuel blends of gasoline containing up to 15 percent ethanol by volume (E15) are eligible for a motor fuel tax credit of \$0.016 per gallon of ethanol blended into gasoline and sold in Oklahoma, as long as 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 Oklahoma that is in nonattainment with the National Ambient Air Quality Standards.¹⁰

Preliminary Benchmarking

Only one state – Oregon – was found to provide an incentive **directly to the consumers** of ethanol-blended fuel (which is effectively who benefits from Oklahoma’s program). Under the Oregon Biofuels Use Tax Credit, residents are eligible for an income tax credit of \$0.50 per gallon of gasoline blended with at least 85 percent ethanol or diesel blended with at least 99 percent biodiesel purchased for use in an alternative fuel vehicle. Up to \$200 can be claimed each tax year for each AFV that is registered in Oregon and owned or leased by the resident. This program expired in December 2012.

Alternatively, five states were identified with tax incentives **promoting the sale of blended fuels by retailers**, including:

Iowa

The Iowa General Assembly has established a goal to replace 25 percent of all petroleum used in gasoline in the state by biofuels by 2020. Four refundable tax credits for biofuel retailers were enacted beginning in 2006 to promote biofuel sales to meet this goal, including:¹¹

Tax Credit	Enacted / Sunset	Description
Ethanol Promotion ¹²	Jan. 2009/ Jan. 2021	Rate earned by a retailer varies from \$0.08 to \$0.04. Tax credit rate is a function of the size of the retailer. ¹³
E85 Gasoline Promotion ¹⁴	Jan. 2006/ Jan. 2025	Provides a credit for each gallon of E85 sold by a retailer. For 2012-2024, the rate is \$0.16 per gallon.
E15 Plus Gasoline Promotion ¹⁵	July 2011/ Jan. 2025	Available to retailers who sell blended gasoline with 15 to 69 percent ethanol. For 2014-2024, the tax credit rate is \$0.03 per eligible gallon sold, except June 1-September 15, when the rate is \$0.10 per gallon.
Biodiesel Blended Fuel	Jan. 2006/ Jan. 2025	Available to retailers of biodiesel blended at 2 percent or higher. For 2018-2024, the credit is \$0.035 per gallon for B5-B10 and \$0.055 for B11 or higher; blends lower than B5 are no longer eligible.

¹⁰ The Clean Air Act, last amended in 1990, requires the EPA to set National Ambient Air Quality Standards for six principal pollutants which can be harmful to public health and the environment.

¹¹ Iowa Department of Revenue, “Iowa’s Biofuel Retailers’ Tax Credits: Tax Credits Program Evaluation Study” (December 2019).

¹² Only Oklahoma and Iowa offer a tax credit for ethanol blends less than E85. When comparing the credits, the tax credit for a gallon of E10 in Oklahoma is equal to \$0.016 and in Iowa the highest credit earned for the same gallon would be \$0.008, or half the credit earned in Oklahoma. Oklahoma explicitly requires retailers to pass the entire credit on to consumers but does not have any threshold of sales to be eligible for the credit.

¹³ Tax credit rate is determined by the difference between the biofuel threshold percentage and the retailer’s biofuel distribution percentage. Biofuel distribution percentage is calculated as the overall percentage of pure ethanol plus pure biodiesel gallons sold as compared to total gallons of gasoline (excluding any biodiesel or diesel gallons sold). The required biofuel threshold percentage steadily increases over the life of the tax credit from 6 percent for small retailers and 10 percent for large retailers, in 2009, to 25 percent for all retailers in 2020.

¹⁴ Iowa’s E85GC is the only retailer tax credit specifically for E85 fuel gallons.

¹⁵ Iowa is the only state that offers a tax credit explicitly for ethanol blends sales between E15 and E85.



Kansas

Kansas offers a quarterly Renewable Fuel Retailer Tax Incentive to licensed motor fuel dealers for selling and dispensing renewable fuels, including biodiesel. A qualified motor fuel retailer is eligible for up to \$0.065 for every gallon of renewable fuel sold and up to \$0.03 for every gallon of biodiesel sold, if a required threshold percentage is met. The threshold is determined by calculating the percent of total gasoline sales that is renewable fuel or biodiesel. For renewable fuel, the threshold increases incrementally on an annual basis from 10 percent in 2009 to 25 percent beginning on January 1, 2024. For biodiesel, the threshold increases incrementally on an annual basis from 2 percent in 2009 to 25 percent in 2025.

Montana

Like Iowa and Kansas, Montana also offers a quarterly biodiesel tax refund. A licensed distributor in Montana who pays the special fuel tax on biodiesel may claim a refund equal to \$0.02 per gallon of biodiesel sold during the previous quarter if the biodiesel is made entirely from components produced in Montana. Additionally, the owner or operator of a retail motor fuel outlet may claim a refund equal to \$0.01 per gallon of biodiesel purchased from a licensed distributor if the biodiesel is made entirely from components produced in the state.

North Dakota

A licensed fuel supplier to who blends biodiesel or renewable diesel fuel may claim an income tax credit of \$0.05 per gallon for fuel containing at least 5 percent biodiesel or renewable diesel. Credits are not refundable but may be carried forward for up to five years.

South Carolina

Ethanol retailers selling fuel blends of at least 70 percent ethanol are eligible for a \$0.05 incentive per gallon of ethanol blended fuel sold, provided that the fuel is subject to the state motor fuel user fee. Additionally, biodiesel retailers are eligible for a \$0.25 incentive per gallon of biodiesel (B100) sold as pure biodiesel or as part of a biodiesel blend, provided that the blend contains at least 2 percent biodiesel (B2). These incentives applied only to fuel sold before July 1, 2012.

In addition to incentives promoting the sale of blended fuel by retailers, several states provide incentives for retailers aimed at **reducing the cost of related infrastructure investments**, including:¹⁶

Indiana

The Hoosier Homegrown Fuels Blender Pump Program (HHF Program) provides grants to increase public fueling infrastructure availability for higher blends of ethanol. Funds are available to eligible applicants for 70 percent to 79 percent of the purchase price of E15 to E85 blender pumps and related hardware. Qualifying dispensers must be available for public use and must dispense higher ethanol blends for a minimum period of five years. The program is not currently accepting applications

Kansas

Kansas offers a tax credit from corporation income tax for installing alternative fueling infrastructure after January 1, 2009. The credit is only available to entities with corporate income tax liability (C corporations). Qualified property must be directly related to the delivery of alternative fuel into the fuel tank of a motor vehicle propelled by such fuel.

¹⁶ State tax credits for biofuel infrastructure investment range from 10 percent (North Dakota) to 40 percent (Kansas) of the cost of construction or equipment for alternative fuel filling stations. All of the income tax credits are nonrefundable with carry forward periods ranging from three to ten years.



Louisiana

Act 325, effective June 22, 2017, modified the Alternative Fuel Vehicle and Fueling Infrastructure Tax Credit, including clarifying that the costs associated with fueling station infrastructure that are not directly related to the delivery of an alternative fuel into the fuel tank of motor vehicles are not eligible for the credit.

Maryland

The Maryland Alternative Fuel Infrastructure Program (AFIP) provides grants to plan, install, and operate public access alternative fueling and charging infrastructure. Private access natural gas and propane fueling stations are eligible for funding. Only Maryland-based private businesses are eligible, and projects must take place in the state. Grant award amounts are based on the alternative fuel technology and are capped at 50 percent of project costs. Applicant cost share must be at least 50 percent.

Michigan

Qualified service station owners and operators may receive matching grants to convert existing, and install new, fuel delivery systems designed to provide E85 and biodiesel blends. Grants may not exceed 75 percent of the costs to convert existing fuel infrastructure, up to \$3,000 per facility. Grants may not exceed 50 percent of the construction costs to install new fueling infrastructure, up to \$12,000 per facility for E85 and \$4,000 per facility for biodiesel blends.

Minnesota

The state offers funding assistance to fuel retailers for the installation of equipment to dispense ethanol fuel blends ranging from E15 to E85. Grant amounts are based on the extent to which the installation meets project priorities.

Missouri

For tax years beginning on or after January 1, 2015, an income tax credit is available for the cost of constructing a qualified alternative fueling station. The credit is 20 percent of the costs directly associated with the purchase and installation of any alternative fuel storage and dispensing equipment or electric vehicle supply equipment, up to \$1,500 for individuals or \$20,000 for businesses.

Montana

The state allows a tax credit for up to 15 percent of the equipment costs incurred the year blending begins for investment made in storage and blending equipment used to blend biodiesel made from Montana-based feedstocks where by the end of the third year, biodiesel sales will at least total two percent of diesel sales.

North Carolina

A taxpayer who constructs a qualified fueling facility that dispenses biodiesel, ethanol or gasoline blends of at least 70 percent ethanol is eligible for a tax credit equal to 15 percent of the cost of constructing and installing the dispensing infrastructure that is directly and exclusively used for dispensing or storing the fuel.

North Dakota

The state offers a 10 percent income tax credit for the direct costs to adapt or add equipment that enables a facility to sell at least two percent biodiesel blends (B2). Additionally, through the Biofuels Blender Pump Program, the state offers cost-share grants of up to \$5,000 per fueling pump, up to \$20,000 per retail location, to motor fuel retailers who install qualified biofuel blender pumps and associated equipment. Qualified



retailers are also eligible for grants of up to \$14,000 at each retail location for tanks and piping installed at the same time the blender pump is installed. Finally, the Department of Commerce administers the Biofuels Infrastructure Partnership (BIP) grant program. The BIP program works with retailers and state and local government fleets to install infrastructure for higher blends of ethanol.

Oregon

The Retail and Fleet Biofuels Infrastructure Grant provides incentives of up to \$10,000 to install or convert fueling equipment at retail gasoline stations and fleet fueling sites to B20 or higher biodiesel blends and E85 ethanol blends.

Rhode Island

The Alternative Fueled Vehicle and Filling Station Tax Credit entitles taxpayers to a tax credit equal to 50 percent of the capital, labor, and equipment costs associated with the construction of, or improvement to, any alternative fuel fueling or recharging station providing domestically produced alternative fuel or facilities for recharging electric vehicles.

South Carolina

South Carolina allows a taxpayer tax credits for placing in service property that is used for distributing or dispensing renewable fuels, or constructing a commercial facility that produces renewable fuels repealed effective for facilities. The credit is equal to up to 25 percent of the purchase, construction and installation costs.

South Dakota

South Dakota allows a tax credit for up to 25 percent of the purchase, construction, and installation costs for the fueling facility including pumps, storage tanks, and related equipment taken in three equal annual installments. Qualifying fuels include blends containing at least 70 percent ethanol (E70) dispensed at the retail level for use in motor vehicles, and pure ethanol or biodiesel fuel dispensed. Additionally, the Department of Tourism and State Development may provide grants to retail motor fuel dealers for the purchase or installation of ethanol blender pumps, storage systems, and related equipment. Blender pumps must dispense a blend of either 10 percent ethanol (E10) or the minimum blend percentage approved for all vehicles by the EPA, a blend of at least 15 percent ethanol (E15), and E85.

Texas

The state provides grants for 50 percent of eligible costs, up to \$600,000, to construct, reconstruct, or acquire a facility to store, compress, or dispense alternative fuels in the Clean Transportation Zone. Qualified alternative fuels include biodiesel, electricity, natural gas, hydrogen, propane, and fuel mixtures containing at least 85 percent methanol (M85).

Wisconsin

A tax credit is available for 25 percent of the cost to install or retrofit fueling pumps that dispense gasoline fuel blends of at least 85 percent ethanol or diesel fuel blends of at least 20 percent biodiesel fuel or that mix fuel from separate storage tanks and allow the user to select the percentage of renewable fuel. The maximum credit amount is \$5,000 per taxable year for each fueling station that has installed or retrofitted a pump. The credit must be claimed within four years of the tax return and expires December 31, 2017.



Credit for Investment in Clean-Burning Fuel or Electric Vehicle Property

Intent	Increase the number of clean-burning fuel and electric vehicles in use in Oklahoma
Start Date	January 1, 1991
End Date	December 31, 2027
Administered by	Oklahoma Tax Commission
Characteristics	<input type="checkbox"/> Refundable <input type="checkbox"/> Transferrable <input checked="" type="checkbox"/> Carry-Forward <input type="checkbox"/> Capped
Financial Impact	\$8,988,000 / 487 returns (per 2019-2020 Tax Expenditure Report)
2017 Review Findings and Recommendations	<p>Overall Recommendation: Reconfigure by retaining the infrastructure credit while sunseting the vehicle credit</p> <p>Key Findings:</p> <ol style="list-style-type: none"> 1. Total credits peaked in 2013 but declined in the most recent two tax years 2. The number of CNG and electric fueling stations has increased significantly in recent years 3. Oklahoma has an above average share of CNG stations 4. There is insufficient data to accurately estimate or verify the total economic or tax revenue impacts of the clean burning fuel vehicle credit 5. Oklahoma's program is comparable to other states and was not found to be an outlier in any aspects 6. Adequate financial protections are not in place 7. Data collection and reporting issues exist, but improvements are being made <p>Other Recommendations:</p> <ol style="list-style-type: none"> 1. Structure the program to phase out 2. Improve reporting on the credit
Changes Following 2017 Review	<p>H.B. 2095 of 2019 made several changes to the incentive, including:</p> <ol style="list-style-type: none"> 1. Extended sunset date from December 31, 2019 to December 31, 2027 2. Altered the credit calculation percentages: instead of 45 percent of the cost of the vehicle, the credit is now calculated according to weight; further, the infrastructure component is reduced from 75 percent to 45 percent of the cost of property by location 3. Enacted a statewide cap of \$20 million annually effective tax year 2020 and after. The Tax Commission is to calculate and publish a % by which credits will be reduced if total credits exceed the cap
2021 Evaluation Criteria	<ol style="list-style-type: none"> 1. Number of qualified credits 2. Change in number qualified vehicles versus prior to credit 3. Change in clean burning fuel vehicles Oklahoma versus other states



Statute Synopsis - §68-2357.22; Rule 710:50-15-81

Provides one-time credits for investments in qualified clean-burning fuel property placed in service after December 31, 1990:

Vehicle Credit

For equipment installed to convert a gasoline or diesel-fueled vehicle to a vehicle propelled by CNG, LNG or liquefied petroleum¹⁷, or for the attributable portion of vehicles originally equipped to be propelled by CNG, LNG or liquefied petroleum, the maximum amount of the credit is based on gross vehicle weight as follows:

- 6,000 pounds or less: \$5,500
- 6,001-10,000 pounds: \$9,000
- 10,001-26,500 pounds: \$26,000
- 26,501 pounds or more: \$50,000

Infrastructure Credits

- For property directly related to the delivery of CNG, LNG or liquefied petroleum for commercial purposes or for a fee or charge, or for a metered-for-fee, public access recharging system for electric vehicles¹⁸, the credit is equal to 45 percent of the cost of property per location
- For property directly related to the compression and delivery of natural gas from a private home or residence for noncommercial purposes¹⁹, the credit is equal to the lesser of 50 percent of the cost of the property or \$2,500 per location

In cases where no credit has been claimed by any prior owner and when a vehicle is purchased with qualified property installed by the manufacturer and the purchaser cannot determine the exact basis, the credit is equal to the lesser of 10 percent of the cost of the vehicle or \$1,500.

Effective July 1, 2014, the Tax Commission calculates 5 percent of the cost of qualified property during the second tax year preceding the fiscal year and transfers that amount to the Compressed Natural Gas Conversion Safety and Regulation Fund.

Effective January 1, 2020, no more than \$20 million of credit may be allowed to offset tax in a taxable year.²⁰ For tax year 2020, the full amount of the statutory credit is available.

Preliminary Benchmarking

More than half of all states previously offered or currently offer incentives related to investments in clean-burning fuel and/or electric vehicles. Among states neighboring Oklahoma, only New Mexico has not offered an incentive, though notably, most have sunset their programs or are in the process of phasing them out. The following provides a summary of the programs offered or previously offered by neighboring states; a comprehensive list of state programs nationwide is provided in the appendices.

¹⁷ The equipment must be new and not previously used to modify or retrofit any other vehicle, must be installed by a certified alternative fuels equipment technician, must meet all Federal Motor Vehicle Safety Standards and, for any commercial vehicles, must follow the Federal Motor Carrier Safety Regulations or Oklahoma Intrastate Motor Carrier Regulations.

¹⁸ The property must be new and must not have been previously installed or used to refuel vehicles powered by CNG, LNG or liquefied petroleum or electricity.

¹⁹ The property must be new and must not have been previously installed or used to refuel vehicles powered by natural gas.

²⁰ The Tax Commission annually calculates and publishes a percentage by which the credits are reduced so the total credits awarded do not exceed the \$20 million cap. The formula used is \$20 million divided by the credits claimed in the second preceding year. In the event the total credits exceed \$20 million, the Tax Commission shall permit the excess, but shall factor that excess into the percentage adjustment formula for subsequent years.



Arkansas

Now expired, Arkansas' Alternative Fuel Vehicle Rebate Program provided:²¹

- 50 percent of the incremental cost, up to \$4,500, to purchase a qualified hydrogen fuel cell, natural gas or propane vehicle
- 50 percent of the conversion cost, up to \$2,500, for converting a hydrogen fuel cell, natural gas or propane vehicle
- 50 percent of the incremental cost, up to \$2,500, to purchase a qualified plug-in electric vehicle
- 75 percent of qualifying costs, up to \$400,000, for natural gas and propane fueling stations
- 50 percent of qualifying costs, up to \$900 for private electric vehicle supply equipment and \$5,000 for public electric vehicle supply equipment

Colorado

Since 1992, Colorado has offered Alternative Fuel Vehicle Tax Credits to people who purchase or lease alternative fuel vehicles, or who convert their existing vehicle to run on an alternative fuel source. Qualifying vehicle types include electric vehicles, plug-in hybrid electric vehicles, liquefied petroleum vehicles and CNG vehicles. The credit is worth up to \$5,000 for passenger vehicles and more for trucks. The tax credit for most vehicles is being phased out as shown in the following table and is set to expire on January 1, 2022.²²

Vehicle Type	For Purchased and Converted Vehicles			Leased Vehicles		
	2019	2020	2021	2019	2020	2021
Passenger Vehicles	\$5,000	\$4,000	\$2,500	\$2,500	\$2,000	\$1,500
Light Duty Trucks	\$7,000	\$5,500	\$3,500	\$3,500	\$2,750	\$1,750
Medium Duty Trucks	\$10,000	\$8,000	\$5,000	\$5,000	\$4,000	\$2,500
Heavy Duty Trucks	\$20,000	\$16,000	\$10,000	\$10,000	\$8,000	\$5,000

Kansas

Since 1996, Kansas has offered Alternative Fuel Tax Credits to taxpayers for expenditures related to qualified alternative-fueled vehicles or qualified alternative fuel fueling stations.²³ Since 2005, the vehicle credit has been equal to 40 percent of the incremental cost or conversion cost; the maximum credit is based on vehicle weight as follows:

- Less than 10,000 pounds: \$2,400
- 10,001-26,000 pounds: \$4,000
- 26,001 pounds or more: \$40,000

Since 2009, the credit for qualified fueling stations is equal to 40 percent of the total amount expended for each station, not to exceed \$100,000. Since 2013, the credit has only been available to corporations and not individuals, partnerships, S corporations, LLCs or other pass-through entities. Credits may be carried forward for three years.

²¹ U.S. Department of Energy, "Alternative Fuel Vehicle and Infrastructure Rebate Program." Available at <https://afdc.energy.gov/laws/10672#:~:text=The%20Program%20provides%2050%25%20of,to%20%242%2C500%2C%20to%20purchase%20a>
²² Colorado General Assembly, "Alternative Fuel Vehicle Tax Credits." Available at <https://leg.colorado.gov/content/alternative-fuel-vehicle-tax-credits>
²³ Kansas Department of Revenue, "Alternative Fuel Tax Credit." Available at <https://www.ksrevenue.org/prtaxcredits-altfuel.html>



Missouri

Between January 1, 2015 and January 1, 2018, Missouri offered an Alternative Fuel Infrastructure Tax Credit for business owners or private citizens who invested in alternative fuel refueling property. The credit was capped at \$1,500 per private citizen and the lesser of \$20,000 and 20 percent of the cost of the property for businesses. At least 51 percent of the costs were required to be paid to qualified Missouri contractors. Credits had a two-year carryforward and were transferable and had a \$1 million cap per year.²⁴

Texas

Through the AirCheck Texas Drive a Clean Machine program, Texas provided vehicle replacement assistance for qualified individuals owning vehicles registered in participating counties. Vouchers in the amount of \$3,500 were available toward the purchase of a hybrid electric, battery electric or natural gas vehicle that was up to three model years old. Funding for the program was vetoed in 2017.²⁵

²⁴ Missouri Department of Natural Resources, "Missouri Alternative Fuel Infrastructure Tax Credit." Available at <https://energy.mo.gov/assistance-programs/missouri-alternative-fuel-infrastructure-tax-credit#:~:text=The%20credit%20you%20are%20allowed,and%20dispensing%20equipment%20or%20any>

²⁵ Texas Commission on Environmental Quality, "AirCheck Texas Drive a Clean Machine is Closed." Available at <https://www.tceq.texas.gov/airquality/mobilesource/vim/driveclean.html>



Appendix A: Quality Jobs Basic Industries

Quality Jobs Basic Industries	
Industry	NAICS Codes
Adjustment and Collection Services (75% out-of-state debtors)	561440
Agricultural Production	112120
Alternative Energy Equipment Installation	238160 238220
Alternative Energy Structure Construction	237130
Arrangement of Passenger Transportation	561510 561599
Central Administrative Offices, Corporate Offices and Technical Services	5611 5612 51821 519130 52232 56142 524291 551114
Certain Communications Services	517110 51741 51791
Certain Jobs Related to the Mining of Oil and Gas	2111 213111 213112 486
Certain Refuse Systems that distribute methane gas	5622
Certain Warehouse/Distribution Operations Where 40% of inventory is shipped out-of-state	No Codes Listed
Computer Programming, Data Processing and other Computer Related Services	5112 5182 5191 519130 5415



Quality Jobs Basic Industries (continued)	
Electric Service Companies (90% of energy input sourced in-state, 90% of sales out-of-state)	221111-221122
Engineering, Management and Related Services	5412 5414-5417 54131 54133 54136 54137 541990
Federal Civilian Workforce of the FAA Where jobs are migrating to Oklahoma from other Federal sites, or expansion here	No Codes Listed
Flight Training Services	611512
Grocery Wholesale Distributing	4244 4245
Insurance Carriers	5241
Insurance Claims Processors Only	524210 524292
Manufacturing	31 32 33 5111 11331
Miscellaneous Business Services	561410 56142 51911
Miscellaneous Equipment Rental	5324
Motor Freight Transportation and Warehousing	493 484 4884-4889
Offices of Real Estate Agents & Brokers (75% of transaction out-of-state)	53120 6215
Other support activities for air transportation	488190
Professional Organizations	813920
Rail Transportation	482



Quality Jobs Basic Industries (continued)	
Research, development and testing Labs	541711 541712 541380
Securities, Commodities, Investments	523
Sports Teams & Clubs	711211
Support Activities for Rail and Water Transport	4882 4883
Transportation by Air , If corporate HQ and some reservation activities are within the state or 75% of air transport sales are to out-of-state consumers	4811
Transportation of Freight or Cargo	541614
Wind Power Electric Generation Equipment Repair & Maintenance	811310



Appendix B: 21st Century Quality Jobs Basic Industries

21st Century Quality Jobs Basic Industries	
Industry	NAICS Codes
Adjustment and Collection Services (75% out-of-state debtors)	561440
Agricultural Production	112120
Alternative Energy Equipment Installation	238160 238220
Alternative Energy Structure Construction	237130
Arrangement of Passenger Transportation	561510 561599
Central Administrative Offices, Corporate Offices and Technical Services	5611 5612 51821 519130 52232 56142 524291 551114
Certain Communications Services	517110 51741 51791
Certain Refuse Systems that distribute methane gas	5622
Certain Warehouse/Distribution Operations Where 40% of inventory is shipped out-of-state	No Codes Listed
Computer Programming, Data Processing and other Computer Related Services	5112 5182 5191 519130 5415
Electric Service Companies (90% of energy input sourced in-state, 90% of sales out-of-state)	221111- 221122



21st Century Quality Jobs Basic Industries (continued)	
Engineering, Management and Related Services	5412 5414-5417 54131 54133 54136 54137 541990
Federal Civilian Workforce of the FAA Where jobs are migrating to Oklahoma from other Federal sites, or expansion here	No Codes Listed
Flight Training Services	611512
Grocery Wholesale Distributing	4244 4245
Insurance Carriers	5241
Insurance Claims Processors Only	524210 524292
Manufacturing	31-33 5111 11331
Miscellaneous Business Services	561410 56142 51911
Miscellaneous Equipment Rental	5324
Motor Freight Transportation and Warehousing	493 484 4884-4889
Offices of Real Estate Agents & Brokers (75% of transaction out-of-state)	53120 6215
Other support activities for air transportation	488190
Professional Organizations	813920
Rail Transportation	482



21st Century Quality Jobs Basic Industries (continued)	
Research, development and testing Labs	541711 541712 541380
Securities, Commodities, Investments	523
Sports Teams & Clubs	711211
Support Activities for Rail and Water Transport	4882 4883
Transportation by Air , If corporate HQ and some reservation activities are within the state or 75% of air transport sales are to out-of-state consumers	4811
Transportation of Freight or Cargo	541614
Wind Power Electric Generation Equipment Repair & Maintenance	811310
NAICS Codes added for 21st Century Quality Jobs Only	
Specialty Hospitals	62231
Performing Arts Companies	7111
50% out-of-state sales requirement for:	
Funds, Trusts, and other Financial Vehicles	525
Insurance Carriers and Related Activities	524
Heavy and Civil Engineering Construction	237
Motion Picture and Video Industries	5121
Professional, Scientific, and Technical Services	5411 5412 5413 5414 5418 5419
Sound Recording Industries	5122



Appendix C: Small Employer Quality Jobs Basic Industries

Small Employer Quality Jobs Basic Industries	
Industry	NAICS Codes
Adjustment and Collection Services (75% out-of-state debtors)	561440
Agricultural Production	112120
Alternative Energy Equipment Installation	238160 238220
Alternative Energy Structure Construction	237130
Arrangement of Passenger Transportation	561510 561599
Central Administrative Offices, Corporate Offices and Technical Services	5611 5612 51821 519130 52232 56142 524291 551114
Certain Communications Services	517110 51741 51791
Certain Refuse Systems that distribute methane gas	5622
Certain Warehouse/Distribution Operations Where 40% of inventory is shipped out-of-state	No Codes Listed
Computer Programming, Data Processing and other Computer Related Services	5112 5182 5191 519130 5415
Electric Service Companies (90% of energy input sourced in-state, 90% of sales out-of-state)	221111-221122



Small Employer Quality Jobs Basic Industries (continued)	
Engineering, Management and Related Services	5412 5414-5417 54131 54133 54136 54137 541990
Federal Civilian Workforce of the FAA Where jobs are migrating to Oklahoma from other Federal sites, or expansion here	No Codes Listed
Flight Training Services	611512
Grocery Wholesale Distributing	4244 4245
Insurance Carriers	5241
Insurance Claims Processors Only	524210 524292
Manufacturing	31 32 33 5111 11331
Miscellaneous Business Services	561410 56142 51911
Miscellaneous Equipment Rental	5324
Motor Freight Transportation and Warehousing	493 484 4884-4889
Offices of Real Estate Agents & Brokers (75% of transaction out-of-state)	53120 6215
Other support activities for air transportation	488190
Professional Organizations	813920
Rail Transportation	482



Small Employer Quality Jobs Basic Industries (continued)	
Research, development and testing Labs	541711
	541712
	541380
Securities, Commodities, Investments	523
Sports Teams & Clubs	711211
Support Activities for Rail and Water Transport	4882
	4883
Transportation by Air , If corporate HQ and some reservation activities are within the state or 75% of air transport sales are to out-of-state consumers	4811
Transportation of Freight or Cargo	541614
Wind Power Electric Generation Equipment Repair & Maintenance	811310



**Appendix D: Incentive Benchmarking
Capital Gains Deduction Benchmarking**

State	Incentive	Real Property	Real Property Location Requirement	Holding Period Requirement	Cap	Stock or Ownership Interest	Stock or Ownership Interest Requirement	Other Requirements
Oklahoma	Full Deduction	Qualifies	Must be located in Oklahoma	At least 5 years for real property; At least 3 years for stock or ownership interest	None	Qualifies	Must be stock or ownership interest in an entity with a primary headquarters located in Oklahoma for 3 years prior to the transaction	-
Arkansas	50% to 100% Deduction	Qualifies	Must be located in Arkansas	None	None	Qualifies	Small business (total capitalization less than \$100 million) must be held for at least 5 years to receive 50% deduction and at max 10 years to receive 100% deduction.	Capital gains in excess of \$10 million qualify for 50% deduction. Venture capital investments can be 100% deducted if held for at least 5 years.
Colorado	Full Deduction	Qualifies	None	5 consecutive years	Up to \$100,000 per deduction	Does not qualify	N/A	-
Idaho	60 percent deduction	Qualifies	Must be located in Idaho	At least 1 Year*	None	Does not qualify	N/A	-
Iowa	Full Deduction	Qualifies	None	At least 10 Years	None	Qualifies	Qualifies only when stock transaction is considered acquisition of a company's assets. 50% of the gain from the sale/exchange of employer securities of an Iowa corporation to a qualified Iowa employee stock ownership plan (ESOP) may be eligible for the Iowa capital gain deduction.	-



Capital Gains Deduction Benchmarking (continued)

State	Incentive	Real Property	Real Property Location Requirement	Holding Period Requirement	Cap	Stock or Ownership Interest	Stock or Ownership Interest Requirement	Other Requirements
Mississippi	Full Deduction	Does not qualify	N/A	1 Year	None	Qualifies	Only stock in Mississippi - domiciled financial institutions.	-
Montana	2 percent of qualified gain (Tax Credit)	Qualifies	None	None	None	Qualifies	None	-
South Carolina	44% Deduction	Qualifies	None	None	None	Qualifies	None	No pass-through entities eligible
Utah	5 percent of qualified gain (Tax Credit)	Qualifies	None	None	None	Qualifies	Must be issued by a Utah Small Business Corporation	70 percent or more of the proceeds of the capital gain transaction must be expended to purchase qualifying stock in a Utah small business corporation within a 12 month period after the transaction
Virginia	Full deduction	Does not qualify	N/A	At least 1 Year	None	Qualifies	Must be investment in a technology firm primarily engaged and substantially producing in Virginia	The qualifying company's annual gross revenue's cannot exceed \$3 million in aggregate cash proceeds from the issuance of equity and debt
Wisconsin	30% Deduction	Qualifies	N/A	Real Property: 1 Year Stocks: 5 Years	None	Qualifies	Must be stock in a Wisconsin registered business	60% deduction for farm assets held more than 1 year

**Cattle, horses, and breeding livestock must be held for 24 months*



Home Office Tax Credit Benchmarking							
	Oklahoma	Arkansas	Colorado	Maryland	Nevada	North Dakota	South Dakota
Job Creation Requirement	Yes	No	No	No	No	No	No
Home Office	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Regional Office	Yes	Yes	Yes	No	Yes	Yes	Yes
Benefit Type	Tax Credit	Reduced Rate	Reduced Rate	Tax Credit	Tax Credit	Tax Credit	Tax Deduction
Benefit Amount	15 to 50 percent of premium tax*	Equal to the noncommissioned salaries and wages of the insurer's Arkansas based employees connected to its insurance operations	50 percent of standard premium tax	Amount of Retaliatory Tax	50 percent of premium tax, plus an amount equal to ad valorem tax on the property, up to an additional 30 percent of premium tax	Amount of Examination Fees, plus an amount equal to ad valorem taxes paid during the calendar year	50 percent of premium tax, plus an amount equal to ad valorem tax on the property or PILOTS, up to an additional 30 percent of premium tax
Aggregate Program Cap	None	\$18 million; Not more than 80 percent of the standard premium tax	None	\$1 million	\$5 million	None	30% of the amount of the tax otherwise payable without the application of the credit



Quality Jobs Benchmarking						
	Oklahoma	Louisiana	Missouri	Kansas	Arkansas	Colorado
Name	Quality Jobs	Quality Jobs	Missouri Works	PEAK	Advantage Arkansas	Job Growth Incentive Tax Credit
Job Creation Requirement	None	15 New Jobs	10 or more new jobs; 2 or more if located in rural area or other designated zone	10 or more new jobs in metropolitan areas; 5 new jobs in other areas	None	20 new jobs; 5 new jobs if business is located in an Enhanced Rural Enterprise Zone
New Payroll Requirement	\$2.5 Million	\$675,000 for businesses with 50 or more employees \$225,000 for businesses with under 50 employees	None	None	\$50,000 to \$125,000, depending on county	None
Wage Requirement	Wages paid to new jobs must be greater than or equal to the average County wage where the business is located	\$18 per hour for 4 percent rebate \$21.66 per hour for 6 percent rebate	90% of County Avg Wage*	Wages must be greater than or equal to the county median wage where the company is located	Average hourly wage of the company must be greater than \$12.50	Average wage greater than or equal to the county average wage
Health Insurance Requirement	Employees must pay no more than 50 percent of the premium cost	\$1.25 per hour in health care benefits for full-time employees Must offer coverage for dependents of full-time employees At least 50 percent of employees in new jobs must accept coverage	Full-time employees must be offered health insurance and the company must pay at least 50 percent of premium	Full-time employees must be offered health insurance and the company must pay at least 50 percent of premium	None	None



Quality Jobs Benchmarking (continued)

	Oklahoma	Louisiana	Missouri	Kansas	Arkansas	Colorado
Capital Investment Requirement	None	None	Capital investment of \$100,000 required if company is located in rural area or other designated zone where the job creation requirement is 2	None	None	None
Benefit Type	Cash Rebate	Cash Rebate	Retention of State payroll withholding tax and tax credits	Retention of State payroll withholding tax	Income Tax Credit	Income Tax Credit
Benefit Amount	5 or 6 percent of Qualified Payroll	4 or 6 percent of payroll	Retention of 100 percent of State payroll withholding tax and tax credit of 6 to 7 percent of new payroll	Retention of 95 percent of State payroll withholding tax	1 to 4 percent of new payroll, depending on county; additional 1 percent of payroll if average wages of new employees exceed 125 percent of the lesser of the state or county average wage	50 percent of FICA paid on new jobs
Benefit Period	Up to 10 Years	5 Years	5 or 6 Years	5 to 7 Years	5 Years	8 Years
Aggregate Program Cap	None	None	\$116 million	None	Cannot offset more than 50 percent of a business's income tax liability in any one tax year.	None



21st Century Quality Jobs Benchmarking

	Oklahoma	Georgia	New Mexico	South Carolina
Name	21st Century Quality Jobs	Quality Jobs Tax Credit	High-wage Job Tax Credit	Job Tax Credits
Job Creation Requirement	10 new jobs	At least 50 within 24 months	At least 1 new job	25 new jobs
Payroll Requirement	N/A	None	None	None
Wage Requirement	300 percent of the average county wage, not including healthcare	110 to 120 percent of the average county wage for \$2,500 credit; 120 to 150 percent of the average county wage for \$3,000 credit; 150 to 175 percent of the average county wage for \$4,000 credit; 175 to 200 percent of the average county wage for \$4,500 credit; 200 percent or more for \$5,000 credit	\$40,000 or \$60,000 annual salary, depending on location	2.5 times the lesser of county and State average
Health Insurance Requirement	Companies must offer employees health insurance and pay at least 50 percent of premiums	None	None	None
Capital Investment Requirement	None	None	None	None
Benefit Type	Cash Rebate	Tax Credit	Tax Credit	Tax Credit
Benefit Amount	Up to 10 percent of qualifying new payroll	\$2,500 - \$5,000 per job	8.5 percent of qualifying new payroll or up to \$12,750 per new job	\$1,500, \$2,750, \$20,250, or \$25,000 per job depending on county development tier
Benefit Period	Up to 10 Years	5 Years	A job may qualify for the credit for 4 years	5 years
Aggregate Program Cap	None	None	None	None



Small Employer Quality Jobs Benchmarking

	Oklahoma	South Carolina	Illinois	Louisiana	Alabama	Kentucky
Name	Small Employer Quality Jobs	Annual Small Business Job Tax Credit	Small Business Job Creation Tax Credit	Quality Jobs	Full Employment Act of 2011	Small Business Tax Credit
Size Requirement	90 or fewer full-time employees in Oklahoma	99 or fewer employees worldwide	No more than 50 full-time employees worldwide	No more than 50 employees	No more than 50 employees	No more than 50 employees
Job Creation Requirement	5 to 15 new jobs, depending on location	Monthly average of two new jobs per month of operation during the tax year	None	5 new jobs	Any net increase from previous tax year qualifies	At least one new job
Payroll Requirement	N/A	None	None	Greater than or equal to \$225,000	None	None
Wage Requirement	100, 110, or 125 percent of the average county wage of small employers, depending on the location of the company	Greater than or equal to 120 percent of per capita income for lesser of state and county If job pays less than 120 percent but still greater than the applicable per capita income, company qualifies for 50 percent of credit amount for that job	\$10 per hour	\$18 per hour for 4 percent rebate \$21.66 per hour for 6 percent rebate	More than \$10 per hour	150% of the federal minimum wage
Health Insurance Requirement	Employees must pay no more than 50% of the premium cost	None	None	\$1.25 per hour in health care benefits for full-time employees Must offer coverage for dependents of full-time employees At least 50 percent of employees in new jobs must accept coverage	None	None



Small Employer Quality Jobs Benchmarking (continued)

	Oklahoma	South Carolina	Illinois	Louisiana	Alabama	Kentucky
Capital Investment Requirement	None	None	None	None	None	\$5,000
Benefit Type	Cash Rebate	Tax Credit	Tax Credit	Cash Rebate	Tax Credit	Tax Credit
Benefit Amount	5 percent of new job payroll	\$1,500 to \$8,000 per job	Maximum of \$5,000 per employee	4 or 6 percent of payroll	\$1,000 per employee	\$3,500 to \$25,000
Benefit Period	7 Years	5 Years	1 Year	5 Years	None	Can re-apply annually