Tax Credit for	Tuition Reimbursement for Aerospace Employers
Start Date	Jan 1 2009
End Date	Dec 31 2017
Bill Number	2008, HB 3239
Author	McNiel/Corn
Extended	2014, HB 2509, Mazzei
Administered by	Tax Commission
Characteristics	☐ Refundable ☐ Transferrable ☐ Carry-Forward ☐ Capped

Intent

To address the critical shortage of engineering and technical talent facing the Oklahoma aerospace industry, which could potentially rise to 600 vacancies by 2014[1]

Statute Synopsis - §68-2357.302

Aerospace sector employers are offered tax credits for reimbursement of engineer employee tuition. Qualifying employees must have received an undergraduate or graduate degree within one year of commencing employment. The credit is fifty percent of the tuition reimbursed for the first four years of employment.

Financial Impact

$1,005,917 (5-year average of tax credits provided, (Inclusive of credit for compensation paid by Aerospace Employers – Section 2357.303)

Economic Impact

TBD

Benchmarking

Arkansas Tuition Reimbursement Tax Credit

The program allows eligible companies to claim an income tax credit equal to thirty percent (30%) of the cost of tuition, books, and fees reimbursed by a company to a fulltime permanent employee of the company after the employee has satisfactorily completed one (1) semester of undergraduate or postgraduate education at an accredited institution of postsecondary education located in Arkansas.

[1] http://okhouse.gov/Documents/2008SessionInReview.pdf

The tax credit claimed by the company cannot exceed twenty five percent (25%) of the company's income tax liability for the tax year in which the credit is taken. Unused credits cannot be carried forward, backward or refunded. The company's income tax credit must be claimed for the tax year in which reimbursement was actually paid to the employee.

Recommended Evaluation Criteria

- Number and dollar value of approved credits by year of program
- Employment growth in state aerospace industry - comparison to period prior to the credit
- Payroll growth in state aerospace industry – comparison to period prior to the credit
- Change in measures of the 'skills gap' for engineering and technical skills in the aerospace industry
- Connection with other related business incentives (issues here of 'necessary and sufficient' – do they supplement or over-saturate?)
- Return on investment (economic growth versus financial cost)

[2] C2ER State Business Incentives Database

Tax Credit for Aerospace Employees	
Start Date	Jan 1 2009
End Date	Dec 31 2017
Bill Number	2008, HB 3239
Author	McNiel/Corn
Extended	2014, HB 2509, Mazzei
Administered by	Tax Commission
Characteristics	☐ Refundable ☐ Transferrable ☒ Carry-Forward ☐ Capped May be carried forward for five years.

Intent

To address the critical shortage of engineering and technical talent facing the Oklahoma aerospace industry, which could potentially rise to 600 vacancies by 2014[3]

Statute Synopsis - §68-2357.304

Qualified employees are allowed a tax credit of up to $5,000 per year for up to five years.

A qualified employee is any person, regardless of the date of hire, employed in this state by or contracting in this state with a qualified employer on or after January 1, 2009, who has been awarded an undergraduate or graduate degree from a qualified program by an institution, and who was not employed in the aerospace sector in this state immediately preceding employment or contracting with a qualified employer.

Financial Impact

$3,360,748 (5-year average of credits awarded)

Economic Impact

TBD

Benchmarking

TBD

Recommended Evaluation Criteria

- Number and dollar value of approved credits by year of the program
- Employment growth in state aerospace industry – comparison to period prior to the credit
- Payroll growth in state aerospace industry – comparison to period prior to the credit
- Change in measures of the ‘skills gap’ for engineering and technical skills in the aerospace industry
- Connection with other related business incentives (issues here of ‘necessary and sufficient’ – do they supplement or over-saturate?)

[3] http://okhouse.gov/Documents/2008SessionInReview.pdf

- Return on investment (economic growth versus financial cost)

Tax Credit for Compensation Paid by Aerospace Employers

Start Date	Jan 1 2009
End Date	Dec 31 2017
Bill Number	2008, HB 3239
Author	McNiel/Corn
Extended	2014, HB 2509, Mazzei
Administered by	Tax Commission
Characteristics	☐ Refundable ☐ Transferrable ☐ Carry-Forward ☐ Capped

Intent

To address the critical shortage of engineering and technical talent facing the Oklahoma aerospace industry, which could potentially rise to 600 vacancies by 2014[4]

Statute Synopsis - §68-2357.303

Aerospace sector employers are offered a tax credit for compensation paid to qualified employees. The credit applies for the first five years of employment.

Graduated from an institution in OK	10%
Graduated from an institution outside OK	5%

The credit is capped at $12,500 for each employee annually.

Financial Impact

$ 1,005,917 (inclusive of credit for tuition reimbursement for employers – Section 2357.302)

Economic Impact

Benchmarking

Colorado Aircraft Manufacturer New Employee Tax Credit

Aircraft manufacturers located in a Colorado aviation development zone may qualify for a state income tax credit of $1,200 per new employee. Under current law, the credit expires January 1, 2017. An aviation development zone is any airport in Colorado that is a

[4] http://okhouse.gov/Documents/2008SessionInReview.pdf

public use facility designated by the FAA in its latest National Plan of Integrated Airport Systems, which has registered with the Colorado Office of Economic Development and International Trade (OEDIT).[5]

Recommended Evaluation Criteria

- Number and dollar value of approved credits by year of program
- Employment growth in state aerospace industry – comparison to the period prior to the credit
- Payroll growth in state aerospace industry – comparison to the period prior to the credit
- Growth of firms in Oklahoma aerospace industry with qualified credits paid versus firms without
- Comparison of aerospace industry growth in Oklahoma to other states/national growth rates
- Reduction in measures of the 'skills gap' for engineering and technical skills in the aerospace industry
- Connection with other related business incentives (issues here of 'necessary and sufficient' – do they supplement or over-saturate?)
- Return on investment (economic growth versus financial cost)

[5] C2ER State Business Incentives Database

Tax Credit for Electricity Generated by Zero Emission Facilities

Start Date	Jan 1 2003
End Date	Dec 31 2021
Bill Number	2001, SB 440
Author	Easley/Glover
Extended	2013, SB 343, Mazzei/Hall
Administered by	Tax Commission
Characteristics	☒ Refundable ☒ Transferrable ☒ Carry-Forward ☐ Capped Credits available to nontaxable entities (such as agencies of the State and political subdivisions, may transfer or sell the credit to an individual or corporate taxable entity. Credits may be refundable at 85 percent of the face amount of the credit. Credits may be carried forward for 10 years.

Intent

In 2011, the Legislature created a renewable energy standard as a goal to be reached by the year 2015 that 15 percent of all installed capacity of electricity generated within the state be generated from renewable energy sources (17 O.S. 2011, Section 801.4). For purposes of the standard, renewable energy sources were to include wind, solar, photovoltaic, hydropower, hydrogen, geothermal, biomass and other renewable sources approved by the Oklahoma Corporation Commission. In 2015, the Legislature (SB 351) added steam export capacity to the list of renewable energy sources.

Statute Synopsis - §68-2357.32A

Credits may be claimed for electricity generated on or after January 1, 2003 for a ten year period following the date the facility is placed in operation on or after June 4, 2001.

Credits generated prior to Jan 1, 2014 may be carried forward for up to 10 years. Credits generated on or after Jan 1, 2014 may be refundable at 85 percent of the face amount of the credit.

Eligible renewable resources include:

- Wind
- Moving water
- Sun
- Geothermal energy

For Facilities Placed in Operation on or after Jan 1, 2003 and before Jan 1, 2007	
Jan 1 2003 – Dec 31 2003	$0.0075 per kilowatt-hour

Jan 1 2004 – Dec 31 2006	$0.005 per kilowatt-hour
Jan 1 2007 – Dec 31 2011	$0.0025 per kilowatt-hour
Facilities placed in operation on or after Jan 1, 2007 and before Jan 1, 2021	
On or After Jan 1 2007	$0.005 per kilowatt-hour

Financial Impact

$26,631,050 (5-year average of tax credits awarded per year)

Economic Impact

TBD

Benchmarking

Iowa Renewable Energy Tax Credit

A state production tax credit of 1.0¢ per kilowatt-hour (kWh) available for energy either sold or generated for onsite consumption by eligible wind energy facilities, and a state production tax credit of 1.5¢ per kWh available for energy sold by eligible wind energy facilities and certain other non-wind renewable energy facilities.[6]

New Mexico Renewable Energy Production Tax Credit

Each qualified energy generator may earn an income tax credit of 1 cent ($.01) per kilowatt-hour for the first 400,000 megawatt-hours (equivalent to 400,000,000 kilowatts) of electricity produced using a qualified energy source for 10 consecutive years, beginning with the first year of production.
Qualified Energy Sources[7]:

- Biomass
- Solar light
- Solar heat
- Wind

Kansas Property Tax Exemption

The Kansas Legislature enacted a property tax exemption for:

- The construction or expansion of electricity generating facilities for both independent power producers (so-called “merchant power plants”) and rate-based utilities.
- Projects that use wind, solar, thermal, photovoltaic, biomass, hydropower, geothermal or landfill gas resources to generate electrical energy.

[6] C2ER State Business Incentives Database
[7] Ibid.

Independent power producer facilities are exempt from property taxes from the commencement of construction and for 12 years after the taxable year in which construction is completed. The eligibility period for plants used exclusively during peak load periods is six years. Electricity generation facilities constructed by regulated public utilities are exempt for 10 years (four years for peak load plants).[8]

Recommended Evaluation Criteria

- Renewable energy and wind's share of renewable energy generated by incented facilities – comparison to the period prior to the credit
- Reduced carbon emissions related to energy generated by incented facilities – comparison to the period prior to the credit
- Share of renewable energy kilowatt hours generated versus all kilowatt hours generated in the state – comparison to the period prior to the credit
- But-for test – internal rate of return of eligible projects
  - Oregon's evaluation compared IRR for different projects in the state with and without the tax credit. http://www.oregon.gov/ENERGY/docs/reports/BETC_Analysis_IEc_Report_to_ODOE_May2011.pdf
- Income generated within the state by eligible projects
- Jobs generated within the state by eligible projects
- Connection with other related business incentives
- Return on investment (economic impact versus financial impact)

[8] Ibid.

Excise Tax Exemption on Aircraft Sales

Start Date	July 1 1984
End Date	-
Bill Number	Amended 2013, SB 645
Author	Schulz/Mazzei/Ortega
Administered by	Tax Commission
Characteristics	☐ Refundable ☐ Transferrable ☐ Carry-Forward ☐ Capped

Intent

Statute Synopsis - §68-6003

The following aircraft shall be exempt:

1. Aircraft manufactured under an F.A.A. approved certificate and which are owned and in the physical possession of the manufacturer of the aircraft. The aircraft shall have an aircraft exemption license as provided for in Section 254 of Title 3 of the Oklahoma Statutes;
2. Aircraft owned by dealers and in the dealer's inventory, not including aircraft that are used personally or for business. In order for this exemption to apply, the dealer shall be licensed in accordance with Section 254.1 of Title 3 of the Oklahoma Statutes;
3. Aircraft of the federal government, any agency thereof, any territory or possession, any state government, agency, or political subdivision thereof;
4. Aircraft transferred from one corporation or limited liability company to another corporation or limited liability company pursuant to reorganization of the corporation or limited liability company. For the purpose of this section the term reorganization means a statutory merger, consolidation, or acquisition;
5. Aircraft purchased or used by commercial airlines as defined by paragraph 2 of Section 6001 of this title;
6. Aircraft transferred in connection with the dissolution or liquidation of a corporation or limited liability company and only if included in a payment in kind to the shareholders or members;
7. Aircraft transferred to a corporation for the purpose of organizing such corporation. However, the former owners of the aircraft must have control of the corporation in proportion to their interest in the aircraft prior to the transfer;
8. Aircraft transferred to a partnership or limited liability company when the organization of the partnership or limited liability company is by the former owners of the aircraft. However, the former owners of the aircraft must have control of the partnership in proportion to their interest in the aircraft prior to the transfer;
9. Aircraft transferred from a partnership or limited liability company to the members of the partnership or limited liability company and if made in payment in kind in the dissolution of the partnership;
10. Aircraft transferred or conveyed to a partner of a partnership or shareholder or member of a limited liability company or other person who after such sale owns a joint interest in the aircraft and on which the sales or use tax levied pursuant to the provisions of this title or the excise tax levied pursuant to the provisions of Section 6002 of this title have previously been paid on the aircraft;

11. Aircraft on which a tax levied pursuant to the provisions of the laws of another state, equal to or in excess of the excise tax levied by Section 6002 of this title, has been paid by the person using the aircraft in this state. Aircraft on which a tax levied pursuant to the laws of another state, in an amount less than the excise tax levied by Section 6002 of this title, has been paid by the person using the aircraft in this state shall be subject to the levy of the excise tax at a rate equal to the difference between the rate of tax levied by Section 6002 of this title and the rate of tax levied by the other state;
12. Aircraft when legal ownership of such aircraft is obtained by the applicant for a certificate of title by inheritance;
13. Aircraft when legal ownership of such aircraft is obtained by the lienholder or mortgagee under or by foreclosure of a lien or mortgage in the manner provided for by law;
14. Aircraft which is transferred between husband and wife or parent and child where no valuable consideration is given;
15. Aircraft which is purchased by a resident of this state and used exclusively in this state for agricultural spraying purposes; provided, if such aircraft is sold, leased or used outside this state or for a purpose other than agricultural spraying at any time within three (3) years from the date of purchase, the excise tax levied pursuant to the provisions of Section 6002 of this title shall be due and payable. For purposes of this subsection, "agricultural spraying" means the aerial application of any substance sold and used for soil enrichment or soil corrective purposes or for promoting the growth and productivity of plants and animals;
16. Aircraft which have a selling price in excess of Two Million Five Hundred Thousand Dollars ($2,500,000.00) and which are transferred to a purchaser who is not a resident of this state for immediate transfer out of state;
17. Aircraft which is transferred without consideration between an individual and an express trust which that individual or the spouse, child or parent of that individual has a right to revoke; and
18. Rotary-wing aircraft purchased to be used exclusively for the purpose of training U.S. military personnel or other training authorized by the U.S. Government. The exemption provided by this paragraph shall cease to be effective on January 1, 2018.

Financial Impact
–$1,191,082 (three-year average)
Economic Impact
TBD
Benchmarking

Kansas Business Aircraft Property Tax Exemption

Aircraft actually and regularly used exclusively to earn income for the owner in the conduct of the owner's business or industry is exempt from property tax.

Will also benchmark comparable excise tax rates in other states.

Recommended Evaluation Criteria

- Growth in sales of exempted aircraft within the state – comparison to the period prior to the credit
- Growth in employment in aircraft industry within the state – comparison to the period prior to the credit
- Return on investment related to economic impact from exemption versus its cost

Five Year Ad Valorem Property Tax Exemption

Start Date	Jan 1 1992
End Date	-
Bill Number	Amended 2015, SB 498
Author	Mazzei/Sears
Administered by	County Assessors and Tax Commission
Characteristics	☐ Refundable ☐ Transferrable ☐ Carry-Forward ☐ Capped

Intent

TBD

Statute Synopsis - §68-2902v2

The state offers an exemption from ad valorem tax for up to five years for manufacturing facilities including facilities engaged in research and development. "Manufacturing facilities" means facilities engaged in the mechanical or chemical transformation of materials or substances into new products and shall include:

- Aircraft Manufacturing
  - Facilities, including repair and replacement parts, primarily engaged in aircraft repair, building and rebuilding whether or not on a factory basis
- Computer Services and Data Processing
  - As defined under U.S. Industry Number 334611, 519130 or 5142 of the NAICS Manual
  - For Industry Numbers 334611 and 519130, 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
  - For Industry Number 5142, 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
- Distribution
  - Establishments primarily engaged in distribution as defined under Industry Numbers 49311, 49312, 49313, and 49319, and Industry Sector Number 42 of the NAICS Manual
    - Initial Capital Investment of at least $5,000,000
    - Employment of at least one hundred full-time-equivalent employees
    - Payment of wages or salaries to its employees at a wage which equals or exceeds 175% of the federal mandated minimum wage
    - 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.

Requirements for exemption:

- Payroll Requirements (The facility must maintain or increase these amounts in subsequent years)

County Population	Minimum Payroll
Less than 75,000	$250,000
75,000 or more	$1,000,000

- The facility must offer a basic health benefits plan to the full-time-equivalent employees of the facility

Specific Requirements for Computer data processing, data preparation or information processing services

- Net increase in annualized payroll of the applicant at any facility or facilities of the applicant in this state of at least Two Hundred Fifty Thousand Dollars ($250,000.00)), which is attributable to the capital improvements, or a net increase of Seven Million Dollars ($7,000,000.00) or more in capital improvements, while maintaining or increasing payroll at the facility or facilities in this state which are included in the application
- Facility must offer basic health benefits plan to its full-time-equivalent employees

Effective January 1, 2017, facilities engaged in electric power generation by means of wind (NAICS No. 221119) no longer qualify for the exemption.

Entities seeking exemption must file applications each year of the five year period. Approval of the exemption for the initial year is not a guarantee of the exemption for the full five-year period. Applications are submitted to the county assessor for the county in which the facility is located. The county assessor approves or denies the application and files approved applications with the Tax Commission.

Financial Impact

$67,619,201 (5-year average of tax credits awarded per year)

Economic Impact

TBD

Benchmarking

Kansas Property Tax Exemption – Merchants and Manufacturers' Inventory

A property tax exemption for merchants' and manufacturers' inventory. A merchant is a person, company or corporation who purchases tangible personal property for resale in the ordinary course of business without modification or change in form or substance. A manufacturer is a person, company or corporation who is engaged in the business of transforming, refining, or combining materials and labor to change tangible personal property from one form to another, including packaging. Inventory includes those items that are primarily held for sale in the ordinary course of business (finished goods), are in process of production for sale (work in process), or are to be consumed either directly or indirectly in the production of finished goods (raw materials and supplies).[9]

Kansas Property Tax Exemption for Economic Development

The board of county commissioners of any county or the governing body of any city may approve for economic development purposes a property tax exemption for up to 10 years.

The property (real or personal) must be used exclusively for:

1. Manufacturing articles of commerce
2. Conducting research and development
3. Storing goods which are sold or traded in interstate commerce.

The property must be:

1. Associated with a new business
2. Associated with the expansion of an existing business that creates new employment.[10]

Louisiana Industrial Tax Exemption Program

The Industrial Tax Exemption Program (ITEP) administered by Louisiana Economic Development (LED) provides property tax abatement for up to 10 years on a manufacturer's new investment and annual capitalized additions. This exemption applies to all improvements to the land, buildings, machinery, equipment and any other property that is part of the manufacturing process.

Businesses must be classified as a manufacturer or related to the manufacturing project in order to receive the benefits of the ITEP program. ITEP is only available for activities related to manufacturers.

The program can be used by manufacturers new to Louisiana and is also available to existing manufacturers in Louisiana with new investments and miscellaneous capital additions to existing facilities.[11]

Texas Value Limitation and Tax Credits

A ten-year limitation on the taxable property value for school district maintenance and operation tax purposes. To qualify, the property must be in a reinvestment zone and must be devoted to manufacturing, research and development, a clean coal project, an advanced clean energy project, renewable energy electric generation, electric power generation using integrated gasification combined cycle technology, nuclear

[9] C2ER State Business Incentives Database

[10] C2ER State Business Incentives Database

[11] Ibid.

power generation, or a computer center used primarily in connection to one of the other categories.[12]

Recommended Evaluation Criteria

The requirements set forth in statute for qualifying facilities lend themselves to the following criteria:

- Change in jobs associated with the exemption
- Change in payroll associated with the exemption
- Change in capital investment associated with the exemption
- But-for test – change in jobs/payroll/capital associated with the exemption versus state growth rates as a whole
- Change in jobs/payroll/capital in the qualifying industries versus state industries as a whole
- Changes to state appropriations associated with facilities receiving an exemption
- Return on investment – economic activity versus financial net cost

[12] http://texasahead.org/tax_programs/chapter313/

Historic Rehabilitation Tax Credit

Start Date	Jan 1 2001
Administered by	Historical Society
Characteristics	☐ Refundable ☐ Transferrable ☒ Carry-Forward ☐ Capped Credit may be carried forward for up to 10 years.

Intent

Statute Synopsis - §68-2357.41

The state offers a tax credit for rehabilitation expenditures incurred in connection with any certified historic structure. Prior to January 1, 2006, the credit was only for certified historic hotel or historic newspaper plant buildings located in an increment or incentive district.

The credit is equal to the federal rehabilitation credit provided for in Section 47 of Title 26 of the United States Code.

"Certified historic structure" means a building that is listed on the National Register of Historic Places within thirty (30) months of taking the credit pursuant to this section or a building located in Oklahoma which is certified by the State Historic Preservation Office as contributing to the historic significance of a certified historic district listed on the National Register of Historic Places, or a local district that has been certified by the State Historic Preservation Office as eligible for listing in the National Register of Historic Places.

Financial Impact

$4,323,349 (5-year average amount of state tax credits awarded per year)

Economic Impact

Benchmarking

Arkansas Rehabilitation Tax Credit

Twenty-five percent (25%) of the approved rehabilitation expenses on a historic building may be claimed as a tax credit. Owners of income-producing properties (commercial, office, rental residential, etc.) may claim up to $125,000 per project. Property owners may claim up to $25,000 per project for work on their private residences. In either case, an owner must invest a minimum of $25,000 to claim any credits.

The state tax credits may not exceed $4 million per year.[13]

Colorado Commercial Historic Preservation Tax Credit

[13] http://www.arkansaspreservation.com/Preservation-Services/rehabilitation-tax-credits

This tax credit is available to the owner of a certified historic structure who performs a certified rehabilitation on their property.

A certified historic structure is defined as a property located in Colorado that has been certified by History Colorado. A certified rehabilitation is defined as repairs or alterations to a certified historic structure that have been certified by History Colorado as meeting the standards for rehabilitation of the US Secretary of the Interior.[14]

Kansas Historic Rehabilitation Tax Credit

The Kansas State Tax Credit is equal to 25 percent of qualifying expenses incurred during a qualified project on a qualified building.

Qualified buildings are those that have been listed on the National Register of Historic Places, the Register of Historic Kansas Places, or have been deemed contributors to a National or State Register Historic District. Projects that qualify and are approved by the National Park Service for the 20 percent Federal Tax Credit will also qualify for the Kansas State Tax Credit.[15]

Louisiana Restoration Tax Abatement

The Restoration Tax Abatement (RTA) program provides five-year abatement of the ad valorem property taxes on the renovations and improvements of existing commercial structures and owner-occupied residences.

The incentive is open to all Louisiana businesses and homeowners with existing commercial structures and owner-occupied residences to be expanded, restored, improved or developed in qualifying downtown development districts, economic development districts and historic districts (includes property listed on the National Register of Historic Places), and as approved by the local governing authority.[16]

Missouri Historic Rehabilitation Tax Credit

Missouri law provides an investment tax credit equal to 25 percent of approved costs associated with qualified rehabilitation made after Jan. 1, 1998. The building must be listed in the National Register of Historic Places, a contributing element of a historic district listed in the National Register of Historic Places, or be a contributing element of a Local Historic District certified by the U.S. Department of the Interior.[17]

New Mexico Rehabilitation Tax Credit

The state income tax credit is available to owners or long-term lessees of historic structures who complete qualified, pre-approved rehabilitations of historic structures or stabilization or protection of archaeological sites. The property must be individually listed in, or be listed as contributing to a State Register of Cultural Properties historic district.

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[14] C2ER State Business Incentives Database

[15] C2ER State Business Incentives Database

[16] Ibid.

[17] http://dnr.mo.gov/shpo/TaxCrdts.htm

The maximum amount of project expenses eligible for the tax credit is $50,000 although the total project cost may exceed this amount. Maximum credit is 50% of eligible costs of the approved rehabilitation or $25,000 (50% of project maximum) or 5 years of tax liability, whichever is least. The credit is applied against New Mexico income taxes owed in the year the project is completed and the balance may be carried forward for up to four additional years unless used up sooner.[18]

Texas Historic Preservation Tax Credit

State historic tax credit is worth 25 percent of eligible rehabilitation costs and is available for buildings listed in the National Register of Historic Places, as well as Recorded Texas Historic Landmarks and Texas State Antiquities Landmarks[19]

Recommended Evaluation Criteria

- Total amount of rehabilitation expenditures and number of qualified projects
- State tax credit as a percent of total rehabilitation improvement for qualified projects
- Change in assessed value for rehabilitation projects approved for credit
- Percent of qualified structures on the national registry of historic places that receive assistance
- Economic impact related to tourism, sales tax generated, etc.
- Connection with other related business incentives
- Return on investment (economic impact versus financial impact)

[18] http://www.nmhistoricpreservation.org/programs/tax-credits.html

[19] http://www.thc.texas.gov/preserve/projects-and-programs/preservation-tax-incentives/texas-historic-preservation-tax-credit

Industrial Access Road Program

Intent

According to administrative code:

The purpose of the Industrial Access Road Program is to encourage and assist local efforts toward industrial development by providing funds for the construction or improvement of direct access facilities to specific industrial operations or to officially designated industrial areas wherein industrial operations are underway or have been committed on a specific time schedule.

Administrative Code Synopsis - 730:10-1-14

The program funds access facilities connecting industries or industrial areas to the state highway system or local road system. A viable industrial operation must exist at either of the road's termini. The magnitude of the project in terms of capital investment and job creation is considered in the application process.

Financial Impact

$1,605,791 (5-year average of state appropriations provided per year)

Economic Impact

TBD

Benchmarking

Texas Capital Fund

The Texas Capital Fund consists of three programs (Infrastructure Development, Real Estate Development and Main Street) that are designed to promote growth in rural non-entitlement areas generally defined as cities with fewer than 50,000 residents or counties with less than 200,000 residents.

A minimum of 51 percent or more of all the jobs created or retained by the business must benefit persons who qualify as low or middle income.

Infrastructure Development Program: Funds may be used for construction and/or improvements of water or wastewater facilities, road/street improvements, natural gas line services, pretreatment facilities, traffic signals and signs, drainage channels and ponds, rail spurs, and electric power services.

Real Estate Development Program: Funds may be used to acquire, construct, or rehabilitate real estate to support a for-profit or a non-profit entity willing to commit to creating or retaining permanent jobs primarily for low or moderate income persons.

Main Street Program: Proceeds may be used for the acquisition of land for proposed improvements; construction or rehabilitation of such improvements; and public improvements integral to the development of the project, including water or wastewater facilities, public road construction, natural gas line services, electric power services, drainage, lighting, streetscapes, sidewalks, public parking lots, and activities required to eliminate architectural barriers for the handicapped.[20]

Kansas Partnership Fund

The Kansas Partnership Fund is a program to provide low-interest State funds to cities and counties for infrastructure improvements that support Kansas basic enterprises.

All city and county units of government in Kansas, regardless of size, are eligible to apply for loans on eligible projects. Eligible projects may include the construction, reconstruction, rehabilitation, alteration, expansion, or improvement of public facilities including, but not limited to roads, streets, highways, storm drains, water supply and treatment facilities, water distribution lines, waste water collection lines, and any related improvements.

These improvements must directly lead to the creation of new jobs in Kansas basic enterprises. Kansas basic enterprises include businesses that are, or propose to be, located or principally based in Kansas and are, or will be, primarily engaged in any one or more of the Kansas basic industries.

Kansas basic industries include manufacturing, mining, agriculture, and interstate transportation. Wholesale trade, financial services, business services, and tourism activities, if primarily undertaken for out-of-state markets, are also considered to be Kansas basic industries as well as research and development of new products, processes, or technologies.[21]

Recommended Evaluation Criteria

- Change in employment at the state level associated with the road access - comparison to the period prior to the credit
- Change in wages at the state level associated with the road access - comparison to the period prior to the credit
- Change in capital investment at the state level associated with the road access
- Return on investment – economic impact versus incentive cost

[20] C2ER State Business Incentives Database
[21] C2ER State business Incentives Database

Oklahoma Capital Investment Board

Start Date	July 1 2012
End Date	June 30 2018
Bill Number	2010, SB 1284
Author	Stanislawski/Liebmann
Extended	2014, HB 2711, Cox/Jolley
Administered by	Oklahoma Capital Investment Board and Tax Commission
Characteristics	☐ Refundable ☐ Transferrable ☐ Carry-Forward ☐ Capped

Intent

According to statute:

The mission of the Oklahoma Capital Investment Board shall be to mobilize equity and near-equity capital for investment in such a manner that will result in significant potential to create jobs and diversify and stabilize the economy of the State of Oklahoma.

Statute Synopsis - §74-5085

The Oklahoma Capital Investment board has the power to solicit proposals from qualified investor groups for investment of capital. The Board establishes criteria for selection of investments deemed qualified to generate capital for investment in a manner which will result in a significant potential to create jobs and to diversify and stabilize the state economy. This criteria should include the applicant's level of experience, quality of management, investment philosophy and process, historical investment performance, probability of success in fund raising, the amount and timing of fees to be paid, and such other investment criteria as may be commonly used in professional portfolio management as the Board may deem appropriate.

The Board must ensure that at least two dollars ($2.00) will be invested in Oklahoma businesses or projects for every one dollar ($1.00) of principal guaranteed by the Board.

Financial Impact

Unknown

Economic Impact

TBD

Benchmarking

<u>Arkansas Programs</u>

The Arkansas Investment Fund invests in professionally managed venture capital funds that in turn make risk capital more accessible to promising Arkansas firms. Trust's program was expanded in 2010 to support direct investments in early stage companies. In 2012 the program was again expanded to support the launch of seed capital and angel funds matched by private investors.

The Arkansas Risk Capital Matching Fund targets fund investments in technology-based enterprises that are in the early stages of development and not yet able to attract adequate private sources of traditional financing, venture or investor-backed capital for their growth and development.

Arkansas' Co-Investment Fund makes direct co-investments in Arkansas companies that have received commitments for venture capital investment from qualified venture capital entities and from individual angel investors.

Colorado Certified Capital Companies Program

The Certified Capital Companies Program (CAPCO) makes venture capital funds available to new or expanding small businesses throughout Colorado. The program encourages new business development and expansions of businesses by making a $75 million statewide pool available for investment throughout Colorado, and a $25 million rural pool available for investment in designated rural counties in Colorado.

The business must:

1) Be headquartered and have principal business operations in Colorado.
2) Be a small business concern as described in the small business size regulations of the SBA.
3) Not be predominantly engaged in professional services provided by accountants, doctors, or lawyers; banking or lending; real estate development; insurance; oil and gas explorations; direct gambling activities; or making loans to or investing in a CAPCO or an affiliate of a CAPCO or insurance company.
4) Be able to supply all the information and certifications requested by the CAPCO needed to follow the CAPCO statute and regulations.[22]

Texas Certified Capital Company

A Certified Capital Company (CAPCO) is a private government-sponsored venture capital company formed to increase the availability of growth capital for small businesses located in Texas. The program is also intended to stimulate job creation in Texas by requiring supported businesses to have at least 80 percent of payroll/manpower located within Texas.

Eligibility Requirements:

1) The business must be headquartered in Texas (or relocate to Texas within 90 days of the CAPCO's first investment).
2) The business can have no more than 100 employees at the time of investment.
3) 80 percent of payroll/manpower must be located within Texas.
4) Primary business activity may be manufacturing, processing, or assembling products; research and development; or providing services.

[22] C2ER State Business Incentives Database

5) The business may not be primarily engaged in retail sales, real estate development, insurance, banking, leasing, lending, or professional services.
6) By statute, a percentage of the CAPCO investments must be used for early stage businesses and businesses located in strategic investment areas.[23]

Recommended Evaluation Criteria

- Net change in jobs and payroll created in Oklahoma via the Board's investments
- Loan repayments as a percentage of total loans made
- Loan repayment rates compared to industry/other state metrics
- Dollars invested in Oklahoma Businesses as a percent of principal guaranteed by the Board
- Return on investment, measuring economic impact versus cost of the program

[23] Ibid.

Oklahoma Film Enhancement Rebate

Start Date	Jan 1 2001
End Date	July 1 2024
Bill Number	2001, SB 674
Author	Leftwich/Winchester
Extended	2014, HB 2580, Jolley/Thomsen
Administered by	Film & Music Office and Tax Commission
Characteristics	☐ Refundable ☐ Transferrable ☐ Carry-Forward ☒ Capped Rebates are capped at $5 million per year.

Intent

According to Oklahoma Statute:

The Legislature hereby finds that the production of films in Oklahoma not only provides jobs for Oklahomans and dollars for Oklahoma businesses, but also enhances the state's image nationwide. Recognizing that the high costs of film production are driving motion picture and television production out of the country, most notably to Canada, and that the film industry is always seeking attractive locations that can help cut the costs of production, the Legislature further finds that the State of Oklahoma, with the appropriate incentive, can become an attractive site for film production and that Oklahoma is presently among several states with minimal incentives to attract the film industry. It is therefore the intent of the Legislature that Oklahoma provide an incentive that will stand out among those of other states and increase film production in this state.

Statute Synopsis - §68-3621-3626

The state offers a rebate for expenses incurred in the production of films including, but not limited to: national advertising messages that are broadcast on a national affiliate or cable network, fixed on film or digital video, which can be viewed or reproduced and which is exhibited in theaters, licensed for exhibition by individual television stations, groups of stations, networks, cable television stations or other means or licensed for home viewing markets.

Rebate amounts:

Before July 1, 2009	17%
After July 1, 2009	35%

An additional 2% rebate may be applied if a production company spends at least $20,000 for the use of music created by an Oklahoma resident that is recorded in Oklahoma or for the cost of recording music in Oklahoma for use in the production.

Expenses eligible for the rebate include, but are not limited to:

- wages or salaries of persons who are residents of this state and who have earned income from working on a film in this state, including payments to personal services corporations with respect to the services of qualified performing artists, as determined under Section 62(a)(A) of the Internal Revenue Code,
- the cost of construction and operations, wardrobe, accessories and related services,
- the cost of photography, sound synchronization, lighting and related services,

- the cost of editing and related services,
- rental of facilities and equipment,
- other direct costs of producing a film, and
- the wages and salaries of persons who are defined and registered as an Oklahoma Expatriate by the Office of the Oklahoma Film and Music Commission

Applications require the following:
- Documented wages to state residents and other costs incurred in production
- Must file a tax return
- Completion bond ensuring the project will be completed
- Minimum budget of $50,000, at least $25,000 of which is spent in Oklahoma

The Office of the Oklahoma Film and Music Commission approves or denies the application and the Tax Commission makes payments.

The program is capped at $5 million per year.

Financial Impact

$5,000,000 (5-year average rebates awarded per year)

Economic Impact

TBD

Benchmarking

Note: Kansas[24] and Missouri[25] have both recently ended their film production incentives

Arkansas Production Rebate

Eligible production companies may earn a 20% rebate on all qualified production expenditures, with an additional 10% for Arkansas crew base. The incentive has a minimum spending requirement of at least $50,000 within a six-month period in connection with a postproduction project or $200,000 within a six-month period in connection with the production of one project. Eligible expenses include: costs incurred in Arkansas in the development, preproduction, production or postproduction of a qualified production; the first $500,000 of wages or salaries paid to each resident and nonresident that are subject to Arkansas income taxes; pension, health and welfare contributions; and stipends and living allowances.[26]

[24] http://www.filmkansas.com/filmkansas/pages/incentives.html
[25] https://ded.mo.gov/BCS%20Programs/BCSProgramDetails.aspx?BCSProgramID=43
[26] http://www.arkansasedc.com/divisions/film

Colorado's Film Incentive Program

The Colorado Film Incentive program offers a 20 percent cash rebate for production costs taking place in the state. The incentive program covers feature films, television pilots, television series (broadcast and cable), television commercials, music videos, industrial, documentaries, video game design and creation, and other forms of content creation.[27]

Louisiana's Motion Picture Investor Tax Credit

Louisiana's Motion Picture Investor Tax Credit provides motion picture productions a 30% transferable tax credit on total instate expenditures, including resident and nonresident labor, with no cap and a minimum spending requirement of $300,000. For productions using instate labor, Louisiana offers an additional 5% payroll tax credit.[28]

New Mexico's Refundable Film Production Tax Credit

New Mexico offers a 25 to 30% Tax Rebate on all direct production expenditures, including New Mexico crew that are subject to taxation by the State of New Mexico. It applies to feature films, independent films, television, regional and national commercials, documentaries, video games and postproduction.[29]

Texas' Production Incentives

The Texas Moving Image Industry Incentive Program (TMIIIP) provides qualifying film, television, commercial, visual effects and video game productions the opportunity to receive a cash grant based on a percentage of a project's eligible Texas expenditures, including eligible wages paid to Texas residents. Grants vary by budget levels and types of productions, and are issued upon completion of a review of the project's Texas expenditures.

The Media Production Development Zone Act (MPDZA) focuses on supporting facilities and infrastructure in the entertainment industry. The program provides limited sales, excise and use taxes exemptions that will allow companies to invest in building or improving facilities such as sound stages, gaming facilities and animation studios, a crucial factor in attracting and maintaining production projects in Texas. Facility owners or developers will request the exemption through their local governmental body who, after reviewing the request, will make application directly to the Texas Film Commission.

Texas also offers:

- Upfront Sales Tax Exemptions on most items rented or purchased for direct use in production;
- Refunds of the 6% State Occupancy Tax on hotel rooms occupied for more than 30 consecutive days;
- Refunds on Fuel Tax paid on fuel used off-road.[30]

[27] C2ER State Business Incentives Database
[28] Ibid.
[29] Ibid.
[30] C2ER State Business incentives Database

Recommended Evaluation Criteria

The Oklahoma statue refers to promoting, "jobs for Oklahomans and dollars for Oklahoma businesses". It also refers to enhancing the state's image. Oklahoma and several of the benchmark states limit the eligible credit for wages to those paid to state residents. Additionally, we believe the use of various business activity data and indicators, evaluated using econometric models, should be used to calculate the attributable business activity. Finally, it is our assessment that enhancing the image of the state is largely an intangible endeavor that does not lend itself to any reliable quantitative analysis.

Accordingly, PFM recommends that the evaluation criteria for this incentive be:

- Marginal wages and salaries paid to Oklahoma residents by films eligible for the rebate – comparison to period prior to the rebate
- Film-related expenditures in Oklahoma by films eligible for the rebate – comparisons to period prior to the rebate
- Additional identifiable business activity directly or indirectly produced by films eligible for the rebate
- Additional identifiable benefits that accrue to the State by films eligible for the rebate
- Return on investment (economic activity versus rebates paid)

Quality Events Program

Start Date	July 1 2012
End Date	June 30 2018
Bill Number	2010, SB 1284
Author	Stanislawski/Liebmann
Extended	2014, HB 2711, Cox/Jolley
Administered by	Tax Commission and Department of Commerce
Characteristics	☐ Refundable ☐ Transferrable ☐ Carry-Forward ☒ Capped Program expenditures are currently capped at $3.0 million per year.

Intent

According to statute:

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.

Statute Synopsis - §68-4301-4311

Local governments may apply for reimbursement of certain expenses related to hosting a “Quality Event”. The reimbursements are payed using incremental state sales tax revenue attributable to the event.

"Quality event" means:

- a new event or a meeting of a nationally recognized organization or its members,
- a new or existing event that is a national, international or world championship, or
- a new or existing event that is managed or produced by an Oklahoma-based national or international organization

The community hosting the event must pass an ordinance authorizing the application and submit both the ordinance and an economic impact study on the event to the Tax Commission for approval. The economic impact study must include:

- a description and, if applicable, history of the quality event,
- information regarding the site selection process for the quality event,
- an estimate of the expenses anticipated to be incurred in connection with hosting the quality event,
- an estimate of the total gross sales made by vendors during any period of time during which no quality event activity occurs,
- a detailed estimate of the anticipated increase in sales tax revenue directly attributable to the quality event,
- the general economic impact likely to occur as a result of the preparation for, occurrence of and activity occurring in connection with the dissolution of, a quality event, and

- any additional information the Oklahoma Tax Commission may require

As part of the application, the community will outline the dates the event will occur and eligible expenses it would like reimbursed. These expenses include, but are not limited to: advertising, facility rental, promotional materials and security.

No payment for a single event may exceed $250,000. The total spending of the program is capped at certain amounts per year:

FY ending June 30, 2013	$2 million
FY ending June 30, 2014	$2.5 million
July 1, 2014 – June 30, 2018	$3 million

According to the statute, the Executive Director of the Department of Commerce is to provide a yearly report every December to the Speaker of the House and President Pro Tempore of the Senate regarding the program's impact.

Financial Impact

$384,819

Economic Impact

TBD

Benchmarking

TBD

Recommended Evaluation Criteria

- Economic impact of qualifying events
- Revenue impact of qualifying events
- Existing versus new qualifying events
- Additional quantifiable impacts for the State from qualifying events
- Return on investment for qualifying events