

**INCENTIVE EVALUATION COMMISSION  
REGULAR MEETING MINUTES  
Nov. 1, 2018  
Oklahoma State Capitol  
Rm. 419-C, 10:00 a.m.  
Oklahoma City, Oklahoma**

A meeting notice was filed with the Secretary of State and an agenda posted in accordance with the Open Meeting Act.

**MEMBERS PRESENT:** Ron Brown, Layperson  
Jim Denton, CPA, Auditor of Private Firm  
Carlos Johnson, Certified Public Accountant  
Lyle Roggow, President of the OK Professional Economic  
Development Council  
Commissioner Burrage, Ex Officio; Non-voting (Tax Commission)  
Secretary Snodgrass, Ex Officio; Non-voting (Dept. of Commerce)

**MEMBERS ABSENT:** Dr. Cynthia Rogers, Economist  
Denise Northrup, Ex Officio; Non-voting (OMES)

**STAFF/GUESTS:** Beverly Hicks, OMES  
Mary Ann Roberts, OTC  
Randall Bauer, PFM  
Shelley Zumwalt, OMES  
David Oakley, LegisOK  
Jim Dunlap, Lobbyist  
Audrey Benron, FKG  
Greg Shinn, Board President of OCAH  
Lance Windell, Developer, Ardmore, OK  
Jon Chiappe, ODOC  
Jamie Herrera, ODOC  
Mark Thomas, OK Press Association  
Mike Jackson, State Chamber  
Seth Rott, MMR  
James Milner, MMR  
Colby Schwartz, JES  
Shawn Ashley, E Capitol

**1. Call to order and establish a quorum. [Lyle Roggow, chairman]**

Chairman Roggow called the meeting to order at 10:09 a.m. A roll call was taken and a quorum was established. Chairman Roggow was advised that notice of the meeting was given and an agenda posted in accordance with the Open Meeting Act.

**2. Approval of minutes from the Oct. 4<sup>th</sup> meeting. [Lyle Roggow]**

Mr. Denton moved to approve the meeting minutes of October 4, 2018. Mr. Brown seconded the motion. The following votes were recorded and the motion passed:

Mr. Brown, aye; Mr. Denton, aye; Mr. Johnson, abstain; Mr. Roggow, aye.

**3. Discussion and public comment on the 2018 Eleven Incentives: [Lyle Roggow]**

**1. Discussion and public comment on Investment/New Jobs Tax Credit. [Lyle Roggow]**

**Written Comment:**

A written document was submitted to the Commission from Jon Chiappe, Director of Research and Economic Analysis Services.

Commissioner Denton read his report and asked that PFM review the report and calculations submitted by Mr. Chiappe, as it relates to ad valorem taxes. Mr. Bauer made known he had not seen the report before the meeting today and would review and make the necessary revisions in their calculations for the final version.

No speaker present. No action taken.

**2. Discussion and public comment on Quick Action Closing Fund.**

No speaker present. No action taken.

**3. Discussion and public comment on New Products Development Income Tax Exemption, (Incentives for Inventors).**

No speaker present. No action taken.

**4. Discussion and public comment on Technology Business Finance Program.**

No speaker present. No action taken.

**5. Discussion and public comment on Quality Jobs Investment Program.**

No speaker present. No action taken.

**6. Discussion and public comment on Technology Transfer Income Tax Exemption.**

No speaker present. No action taken.

**7. Discussion and public comment on Affordable Housing Tax Credit.**

**Speakers:**

**1. Greg Shinn: Mr. Shinn provided the Commission the following documents:**

- A letter that requests the Commission to recommend the continuation of the Oklahoma Affordable Housing Act.
- Oklahoma Affordable Housing Act Tax Credit Economic Impact, prepared by the Oklahoma Department of Commerce; Research and Economic and Analysis Division.
- Oklahoma Statewide Housing Needs Assessment Executive Summary, commissioned by the Oklahoma Department of Commerce.
- National Low Income Housing Coalition-Out of Reach Oklahoma 2018 Report.

Mr. Shinn stated that it is a priority that Oklahoma maintains its commitment to investment in the production of affordable housing. According to the 2015 Statewide Housing Needs Assessment, Oklahoma needs an additional 11,630 units of affordable housing by 2020 for households earning less than 60% Area Median Income. The State credit between 2015 and

2018 produced 2,007 units towards that gap of over 11,000 units. Any reduction in the State investment affordable housing will further widen the gap to the market demands for housing among low and moderate-income households. The economic impact report produced by the consulting firm out of Philadelphia, which is being considered the Commission, points out that many important factors are beyond the scope of the report in what they are addressing in the report to evaluate the state credit thoroughly. Among those critical factors includes, lowering the number of cost burden households who are attaining more than 30% of their income for rent every month; always one paycheck away from eviction.

Mr. Shinn pointed out that Eviction Land.org at Princeton University showed that Oklahoma has some of the highest eviction rates in the nation. Tulsa is ranked number 11 and Oklahoma City is ranked number 20. Increasing the number of affordable units that are available across the State is critical family and neighborhood stabilization. When families have access to housing that they can afford, they can consider purchasing healthcare, planning for college for their children or for planning for retirement. When you pay more than 50% of your income for rent, you worry about buying groceries, or whether you can pay the utility bills. The current rates of poverty in Oklahoma show that over 621,000 Oklahomans were below the poverty level in 2017, which is 15.8% of the State's population. The minimum wage in Oklahoma is \$7.25 hour, but you have to make \$15.41 an hour in order to afford a two-bedroom apartment.

The Coalition recently commissioned the Oklahoma Department of Commerce to do its own economic impact study and evaluate the State credit. Between 2015 and 2018, the State allocated \$15 million, 332 thousand dollars in credits, which provided funding for 36 developments in 27 communities, including 3,900 jobs during peak construction over \$200 million dollars in payroll, \$42 million dollars in economic activity, including indirect effects. The overall economic contribution from developing and leasing companies is over \$575 million dollars.

The solution is more affordable housing and that solution is an economic driver in the State. We need more investment in affordable housing and not less. The Coalition request that the Commission recommend full funding and the continuation of the Oklahoma Affordable Housing Act.

2. Lance Windell:

Mr. Windell, a homebuilder in Ardmore, Oklahoma stated when he builds in rural Oklahoma, he speaks with the economic development person in that town and the first thing they tell him is they cannot bring jobs to their town because of lack of housing. Mr. Windell said, the actual dollars spent might not bring dollars back to Oklahoma, but they bring housing so that the economic developers in that town can do their job. If you do not have the housing, you cannot bring in the jobs. The credit allows for builders like him to go into various rural towns to build the workforce housing that is needed to bring jobs, because without the housing you cannot bring the employers; they will not come. The perspective of this being an economic development tool, it is, but it is not the only economic development tool. It is laying the foundation for the other economic development that is going to go on in the town and he believes that if there is not a push in rural Oklahoma to make it happen, there will not be jobs brought to the rural areas of the State.

**Written Comment:**

Two written documents were submitted to the Commission from Scott Nixon, Manager of Sugar Creek Capital and Corey Bornemann, Housing Development Allocation Specialist, on a study commissioned by the Oklahoma Coalition for Affordable Housing, prepared by the Oklahoma Department of Commerce.

No action taken.

**3. Discussion and public comment on Applied Research Support Program.**

No speaker present. No action taken.

**4. Discussion and public comment on Energy Efficient Residential Construction Tax Credit.**

**Speaker:**

Lance Windell:

Mr. Windell recognized that the tax credit had been dead for over a year, but shared a story with the Commission on how the credit helped his business grow. In 2007, a person from OG&E said he could get him \$4,000 dollars a house if he started building houses better than what he was building then. At that time, he was building at a bare minimum of insulated energy efficiency homes, but when configuring the proposal from OG&E, he learned it was going to cost him \$3,000 dollars a house to get a \$4,000 dollar credit, which put him making \$600 dollars per house. He stepped up to the challenge of the incentive and was proud of the houses he was starting to build and continued the practice.

When the credit became no longer available two years ago, he refigured the cost without the tax credit and learned even though it cost him around \$1000 dollars, it was not costing him that much more. He made the decision to continue the practice, as he could stand by every house he built no matter the area, building OG&E tested energy efficient homes.

Today, he builds 300 plus units a year and now builds almost twice as energy efficient than what he was building back in 2006, because of the tax credit. Though the tax credit expired, he will continue the practice. He sees it as a success story for his company, because the tax credit did what it was supposed to do.

He would like to have the credit brought back, but make it harder than what it was, which will incentivize him to be an even builder today than what he already is.

No action taken.

**5. Discussion and public comment on Health Research Program.**

No speaker present. No action taken.

**6. Discussion and public comment on Small Business Incubators (Tenants & Sponsors).**

No speaker present. No action taken.

**4. New Business [Lyle Roggow] None.**

**5. Adjourn. [Lyle Roggow]**

There being no further business, Mr. Brown made the motion to adjourn. Mr. Denton seconded the motion. Seeing no opposition, the meeting adjourned at 10:35 a.m.