

**INCENTIVE EVALUATION COMMISSION  
VIRTUAL SPECIAL MEETING MINUTES  
June 26, 2020  
WebEx Platform, 10:00 a.m.**

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

**MEMBERS PRESENT:** Lyle Roggow, President Designee of the OK Professional Economic Development Council  
Carlos Johnson, Certified Public Accountant  
Dr. Cynthia Rogers, Economist  
Mandy Fuller, CPA, Auditor of Private Company  
Comm. Charles Prater, Ex Officio; Non-voting (Tax Commission)  
Brent Kisling, Ex Officio; Non-voting (Dept. of Commerce)

**MEMBERS ABSENT:** Brandy Manek, Ex Officio; Non-voting (OMES)

**STAFF/GUESTS:** Beverly Hicks, OMES  
Taylor Ferguson, OTC  
Randall Bauer, PFM  
Jon Chiappe, ODOC  
Leslie Blair, ODOC  
Andrea Post, OAC  
Ellen Harpel, Smart Incentives  
Deanna Kimball, PFM  
Ian Parnell, PFM  
Kevin Watters, PFM  
Stanley Geberer, PFM  
Steve Schriever, PFM  
Katie Henke, Tulsa Chamber  
Conner Carroll, Tulsa Chamber  
Brien Thorstenberg, Tulsa Chamber  
Lyle Walters, OCAST  
Shawn Ashley, E Capitol  
Corbi Jenkins, ODOT  
Frank Roesler III, ODOT

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

Chairman Roggow called the meeting to order at 10:03 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. He acknowledged that this is a special board meeting that was filed with the Secretary of State on June 14, 2020 and the agenda was

posted on June 25<sup>th</sup> by 10:00 a.m. on the West side of the Will Rogers Building at 2401 N. Lincoln Boulevard, Oklahoma City, Oklahoma, 73105.

**2. Approval of minutes from the January 23, 2020, Commission Special Meeting:**

Cynthia Rogers moved to approve the meeting minutes for January. Mandy Fuller seconded the motion. The following votes were recorded, and the motion passed:

Mr. Johnson, aye; Ms. Fuller, aye; Dr. Rogers, aye; Mr. Roggow, aye.

**3. Discussion and possible action to exempt the Tax Credit for Tuition Reimbursed to a qualified Aerospace Employee from the Incentive Evaluation Schedule for 2020-2023:**

Mr. Bauer reported at the January meeting they discussed incentives scheduled for review and of those discussed there are three that relate to the Aerospace tax credits. One of them is for employees and two of them are for employers. Even though the Tax Credit for Tuition Reimbursed to a qualified Aerospace Employee sounds like it may be for employees, it is not. It is for tuition that would be reimbursed by employers. The other employer tax credit is more directly related to aerospace engineers.

After discussion with the Tax Commission and with their assistance, PFM determined that this tuition credit is used very rarely and for this reason and not being able to get a lot of specific data for the tuition component and its lack of use, PFM recommended to exempt this incentive from evaluation.

This change allows PFM to spend time on the two aerospace credits that are more widely used.

Cynthia Rogers motioned to not review this tax credit. Mandy Fuller seconded the motion. The following votes were recorded, and the motion passed:

Mr. Johnson, aye; Ms. Fuller, aye; Dr. Rogers, aye; Mr. Roggow, aye.

**4. Discussion and possible action to adopt the criteria for evaluation:**

This item is a duplication of item 6 and therefore was not heard.

**5. Presentation and overview of criteria of 2020, year-five, incentives by consultant:**

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| <b>1. Tax Credit for Tuition Reimbursed to a Qualified Aerospace Employee.</b> | <b>6. Five-Year Ad Valorem Property Tax Exemption.</b> |
| <b>2. Tax Credit for Compensation Paid to a Qualified Aerospace Employee.</b>  | <b>7. Historic Rehabilitation Tax Credit</b>           |
| <b>3. Tax Credit for Employees in the Aerospace Sector.</b>                    | <b>8. Industrial Access Road Program</b>               |
| <b>4. Tax Credit for Electricity Generated by Zero Emission Facilities.</b>    | <b>9. Oklahoma Capital Investment Board</b>            |
| <b>5. Excise Tax Exemption on Aircraft Sales.</b>                              | <b>10. Oklahoma Capital Film Enhancement Rebate.</b>   |
|  | <b>11. Quality Events Program</b>                      |

Mr. Bauer gave an overview of the criteria for the following 2020, year five incentives. He spoke on the memorandum that was written to the members related to the criteria for evaluation discussed at the January meeting. At that time, there was general agreement on the criteria, which were basically the same as the criteria that were used for the same set of incentives in 2016.

It was the intention of the Commission to take a final vote on the criteria at its April 30, 2020 meeting, but that meeting was cancelled related to the COVID-19 pandemic.

- **Tax Credit for Tuition Reimbursed to a Qualified Aerospace Employee** – This incentive is now exempt from evaluation based on its lack of use. This was voted in agenda item 3.
- **Tax Credit for Compensation Paid to a Qualified Aerospace Employee; and**
- **Tax Credit for Employees in the Aerospace Sector** – The criteria on both these is the same as the criteria used in 2016 that both rely on utilization of the program.
- **Tax Credit for Electricity Generated by Zero Emission Facilities** – In 2016, the Commission made a recommendation that this credit, which is refundable and is available for ten years related to electrical production by these facilities be sunset. The Legislature and the Governor supported the recommendation and accelerated the sunset to July 1, 2017.

Although this particular incentive was terminated as of June 30, 2017, it is still applicable for construction companies who qualify for the incentive before July 1, 2017. Regardless of when the construction took place, PFM will do an analysis and take a look back to determine whether or not activity is still occurring to see if they are still building these facilities and if they are still in operation. That is why the criteria are dramatically different than they were in 2016. They are related to doing a look behind analysis, which PFM believes is a useful analysis and discussion to have.

- **Excise Tax Exemption on Aircraft Sales** – The criteria for this incentive is the same as the criteria that was used in the 2016 evaluation.
- **Five Year Ad Valorem Property Tax Exemption** – The criteria for this incentive is the same as the criteria that was used in the 2016 evaluation.
- **Historic Rehabilitation Tax Credit** – This is the only one of the set of criteria that were developed in January that PFM suggested a change too. On the memo that was written to the members, PFM struck through and removed “Change in assessed value for rehabilitation projects approved for credit.” This tax credit provides for a state credit to go along with a federal credit and is related to rehab of qualified projects. The issue is that these projects are all over the state and are time and data intensive. In order for PFM to get the assessed value data, they would have to query all of the county assessors to get that data and make sure it is in a format that is useful. While it is valid, they do not have the time within the constraints of time and budget, or the capacity to do it justice.
- **Industrial Access Road Program** – The criteria for this incentive is the same as the criteria that was used in the 2016 evaluation.

- **Oklahoma Capital Investment Board (OCIB)** – This is a program that in some ways is in hibernation. The OCIB has had authority to use tax credits for investments and from PFM’s understanding, and from the analysis PFM has done, there was a sunset in terms of their activity that was kept in place by the Legislature, which PFM had recommended. Now their activity is more a look behind what is happening with repayments, what happened with past projects, as opposed to anything that is current or going forward.
- **Oklahoma Film Enhancement Rebate** – The criteria for this incentive is the same as the criteria that was used in the 2016 evaluation.
- **Quality Events Program** – The criteria for this incentive is the same as the criteria that was used in the 2016 evaluation.

Presentation only. No action taken.

**6. Discussion and possible action to adopt the criteria for evaluation:**

Cynthia Rogers motioned to adopt all the criteria for the incentives to be evaluated. Mandy Fuller seconded the motion. The following votes were recorded, and the motion passed:

Mr. Johnson, aye; Ms. Fuller, aye; Dr. Rogers, aye; Mr. Roggow, aye.

**7. Update by the PFM Evaluation Team on work done to date:**

Update only. No action taken.

**8. Announcements:**

Chairman Roggow shared a letter from Commissioner Brown whose term recently expired and asked that it be read and entered into the record.

“It has been my distinct pleasure to serve on the Incentive Evaluation Commission for the past four years and work with the other commissioners as well as Randy Bauer and the other members of this company. I have seen nothing but pure professionalism from all members with two basic premises as the cornerstone on every decision and recommendation made by the group. The two prevailing questions have always been, is it good for the State of Oklahoma and is it good for the people of Oklahoma? I am very proud of the actions the Commission has taken and wish all the current and past members good luck and good health.” Ron Brown

The Commission expressed their appreciation of his time and service to the Commission.

Chairman Roggow announced as of July 1, 2020, the new Incentive Evaluation Commission representative appointed by Speaker McCall will be Earl Sears.

The next meeting is scheduled for Thursday, August 27, 2020, 10:00 am. The location to be determined.

**9. Adjourn.**

There being no further business, Carlos Johnson made the motion to adjourn. Dr. Cynthia Rogers seconded the motion. Seeing no opposition, the meeting adjourned at 11:22 a.m.