

**INCENTIVE EVALUATION COMMISSION
HYBRID SPECIAL MEETING MINUTES
MAR. 25, 2021
Oklahoma State Capitol Building
Senate Conference Room 4S.9, 4S.8 (419-C, B)
2300 N. Lincoln Blvd., Oklahoma City, Oklahoma 73105**

This meeting was live streamed through the Oklahoma Senate. <http://oksenate.gov/room-4s9>

MEMBERS PRESENT:

Lyle Roggow, President, Designee of the OK Professional Economic Development Council [*appeared in person*]
Carlos Johnson, Certified Public Accountant [*appeared in person*]
Mandy Fuller, CPA, Auditor of Private Company [*appeared remotely*]
Earl Sears, Bartlesville, OK [*appeared in person*]
Dr. Robert Dauffenbach, Economist [*appeared remotely*]
Charles Prater, Chairman, Tax Commission, Ex Officio; Non-voting [*appeared in person*]
Brandy Manek, OMES Designee, Ex Officio; Non-voting [*appeared remotely*]
Brent Kisling, Director, Dept. of Commerce, Ex Officio; Non-voting [*appeared in person*]

MEMBERS ABSENT: None.

STAFF/GUESTS:

Beverly Hicks, OMES	[<i>appeared in person</i>]	Andrea Post	[<i>appeared remotely</i>]
Taylor Ferguson, OTC	[<i>appeared remotely</i>]	Sen. Julia Kirt	[<i>appeared remotely</i>]
Randall Bauer, PFM	[<i>appeared in person</i>]	Cheryl Denney	[<i>appeared remotely</i>]
Leslie Blair, ODOC	[<i>appeared remotely</i>]	Andrea Frymire	[<i>appeared remotely</i>]
Jon Chiappe, ODOC	[<i>appeared remotely</i>]	Kim Cza	[<i>appeared remotely</i>]
Andrew McQuade, OMES	[<i>appeared in person</i>]	Josh Mastilers	[<i>appeared remotely</i>]

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

Chairman Roggow called this meeting to order at 10:06 a.m. A roll call was taken, and a quorum established. A meeting notice was filed with the Secretary of State and agenda posted in accordance with the amendments to the Open Meeting Act (OMA), 25 O.S. 2011, § 301 et seq. signed into law by Governor Stitt on Wednesday, February 10, 2021, SB1031, 2021 O.S.L. 1, § 1.

2. Approval of minutes from the Jan. 21, 2021, commission meeting:

Earl Sears moved to approve the meeting minutes for January. Carlos Johnson seconded the motion. The following votes were recorded, and the motion passed:

Mr. Johnson, aye; Ms. Fuller, abstain; Mr. Roggow, aye; Mr. Sears, aye; Dr. Dauffenbach, aye.

3. Recap on 2021 criteria in relationship to the 2017 incentive evaluation criteria:

Mr. Bauer gave a brief presentation and provided a comparison of the 2017 incentive evaluation criteria through 2021. The members were provided a comparison of the incentive criteria for evaluation in their packet.

The evaluation criteria are predominantly the same as they were in 2017 with a couple of minor adjustments made by PFM Group Consulting LLC, as they worked through those evaluations in 2017. There was some data that was not available and some criteria that did not seem to be relevant for evaluation, so they made some minor modifications while working through those. The members received the information provided by PFM and the criteria was approved by the members. The strikethroughs show what was eliminated from the 2017 criteria and the underlines in 2021 show what was added.

PFM is on schedule with the work they have done.

Director Kisling entered the meeting at 10:16 a.m.

No action taken. Information only.

4. Presentation on list of exempted business incentives through 2020, as well as incentives that have not yet been reviewed because of recent enactment of effective date:

In the last meeting there were two discussions. One related to the incentives that the members affirmatively exempted from evaluation, which is provided for in accordance with HB 2182. HB 2182 allows for the members to determine the impact and financial activity equaling a million dollars or more in a year, as well as incentives that have not yet been reviewed because of recent enactment of effective date.

For the exempted incentives section of the report. PFM looked at the incentive cost for impact and largely relied on the Tax Commission and Department of Commerce to assist them in the effort. They looked at the Tax Commission's most recent tax report in terms of dollar impacts and in some instances, questions were noted. This is attributed to reporting that may not necessarily take place in terms of the use of the programs. In some cases, when looking at the sales tax exemptions there is not a reporting requirement if there is something exempt from the sales tax so you are relying on the determination by those in the Tax Commission or elsewhere, when there is no financial background that can be determined.

On the final part of the report, Mr. Bauer gave an overview of the incentives not yet reviewed or exempted, in which the members have not taken any action to determine whether to evaluate them or not.

PFM believes the first four on that list (see below) deserve the most attention and would align with the definition of the standard for evaluation of the incentive in the original house bill (HB 2182). They believe it is important to take part in acknowledging and looking far enough in advance to see items that have not been looked at in past to keep everything moving forward as it should be.

Credit for Employees in the Vehicle Manufacturing Industry, Credit for Tuition Reimbursement for Employers in the Vehicle Manufacturing Industry, Credit for Employers in the Vehicle Manufacturing Industry, and Software Cybersecurity Employee Tax Credit.

No action taken. Presentation only.

5. Discussion and update on progress that includes benchmarking and timelines for incentive review by PFM consultant, Randall Bauer:

- Quality Jobs Program
- 21st Century Quality Jobs Program
- Small Employer Quality Jobs Program
- Oklahoma Capital Gains Deduction
- Home Office Tax Credit
- Ethanol Fuel Retailer Tax Credit
- Clean Burning Fuel or Electric Vehicle Credit
- Coal Tax Credits

Mr. Chiappe from the Oklahoma Department of Commerce (ODOC) gave a presentation on his document that he provided in 2020 on the legislative changes made to these programs that PFM reviewed in 2017. Mr. Chiappe's report proved very beneficial and important for the commission members and PFM to be aware of and understand how it relates to the differences between what was reviewed in 2017 and what will be evaluated in 2021.

In looking at this document, where PFM has incorporated some key information, each of the incentives listed have legislative intent for evaluation purposes and is the first thing that will be reviewed; whether or not the Legislature has established its intent, or whether or not the incentives are meeting it. PFM also included information on start and end data, any sunsets that may exist and the administrating agency.

Mr. Bauer expressed his appreciation of Mr. Chiappe and the Oklahoma Department of Commerce stating he found the information a useful segue into the information PFM already provided to the members found on the website. The document is utilized each year as a working document that PFM uses every year for each of the incentives that are under evaluation.

No action taken. Update only.

6. Discussion on memo in relation to business incentive evaluations and layering:

Mr. Bauer gave a recap on the memo provided to the Commission members dated March 22, 2021 that can be found on the Commission website at <https://iec.ok.gov/content/meeting-03-25-2021; IECLayeringMemo03222021.pdf>.

No action taken. Discussion only.

7. Announcements – The next scheduled meeting is August 26, 2021, in SCR – 4S.9.

8. Adjournment:

There being no further business, Earl Sears made the motion to adjourn. Carlos Johnson seconded the motion. Seeing no opposition, the meeting adjourned at 11:49 a.m.