

**INCENTIVE EVALUATION COMMISSION
SPECIAL MEETING MINUTES
Nov. 18, 2021; 10 a.m.
Oklahoma State Capitol
House Conference Room 4S.4 (412-B)
Oklahoma City, Oklahoma 73105**

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
Mandy Fuller, CPA, Auditor of Private Company
Earl Sears, Lay Person
Charles Prater, Chairman, Tax Commission, Ex-Officio; Non-Voting
Brent Kisling, Director, Department of Commerce, Ex-Officio; Non-Voting

MEMBERS ABSENT: Dr. Robert Dauffenbach, Economist
John Gilbert, OMES designee, Ex-Officio; Non-Voting

STAFF/GUESTS:

Beverly Hicks, OMES	Josh McGoldrick, OK Dept. of Commerce
Randall Bauer, PFM	Brent Wright, ODOC
Taylor Ferguson, Counsel to IEC	Jon Chiappe, ODOC
Megan Holden, Ok Tax Commission	Rachel Jamieson, LegisOK
John Riesenber, Governor's Office	Shawn Ashley, ECAPITOL

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

Chairman Roggow called this regular meeting to order at 10:08 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 Open Meeting Act.

2. Approval of Minutes from the October 28, 2021 Commission meeting:

Earl Sears moved to approve the meeting minutes for October. Mandy Fuller seconded the motion. The following votes were recorded and the motion passed:

Mr. Johnson, aye; Ms. Fuller, aye; Mr. Roggow, aye; Mr. Sears, aye.

3. Discussion and possible action on Year 6, 2021, Incentive Evaluations:

Possible action may include approving, disapproving, modifying or taking no action.

3.1. Discussion and possible action on Capital Gain Deduction:

PFM's recommendation is to repeal with the suggested alternatives:

- Reconfigure with specific legislative intent and economic development goals;
- Require qualified gains to be reinvested in Oklahoma;
- Cap the deduction;
- Target the deduction, such as for farming and ranching operations.

Earl Sears moved that the Commission reject the recommendation made by PFM that was presented before them today, but made a recommendation to ask the Department of Commerce, the Tax Commission and the Office of Management and Enterprise Services (OMES) to develop a task force in regards to an interim study to look at the incentive; is it still effective for businesses, the impact it has on businesses, the impact it has on the individual tax payers, and to have the findings reported back to the Incentive Evaluation Commission. Mandy Fuller seconded the motion. The following votes were recorded and the motion passed:

Mr. Johnson, aye; Ms. Fuller, aye; Mr. Roggow, aye; Mr. Sears, aye.

3.2. Discussion and possible action on Quality Jobs Program:

PFM's recommendation is to retain, with modifications:

- Require participants to pay the average county wage regardless of the statewide threshold wage – in 2018, 22 companies generated rebates while paying less than the average county wage in place on their start date;
- For new agreements, reset the minimum wage requirement after 5 years (only applies to new agreements, not existing ones);
- Require participants to file rebate claims within one year of qualifying quarter (rather than the current two years);
- Regularly review/update eligible industries to reflect the State's economic development goals.

Earl Sears moved that the Commission accept the recommendation made by PFM, with modifications to bullet point number one that would increase the statewide threshold and further recommend that we eliminate bullet point number two and we maintain number three and number four as stated.

Mandy Fuller seconded the motion. The following votes were recorded and the motion passed:

Mr. Johnson, aye; Ms. Fuller, aye; Mr. Roggow, aye; Mr. Sears, aye.

3.3. Discussion and possible action on 21st Century Quality Jobs Program:

PFM's recommendation is to retain, with modifications:

- Same as for the quality jobs program recommended modifications;
- In addition, provide an option for firms who fail to meet program requirements to continue receiving the Quality Jobs program benefits, if qualified.

Earl Sears moved that the Commission accept the recommendations made by PFM with the modifications that the Commission made regarding the Quality Jobs Program and to accept the one additional recommendation on the report for the 21st Century Quality Jobs Program. Mandy Fuller seconded the motion. The following votes were recorded and the motion passed:

Mr. Johnson, aye; Ms. Fuller, aye; Mr. Roggow, aye; Mr. Sears, aye.

3.4. Discussion and possible action on Small Employer Quality Jobs Program:

PFM's recommendation is to retain, with modifications:

- The same as for the Quality Jobs Program.

Earl Sears moved that the Commission accept the recommendation made by PFM with the understanding the recommendation follow the recommended changes made by the Commission in the Quality Jobs Program. Mandy Fuller seconded the motion. The following votes were recorded and the motion passed:

Mr. Johnson, aye; Ms. Fuller, aye; Mr. Roggow, aye; Mr. Sears, aye.

3.5. Discussion and possible action on Home Office Tax Credit:

PFM's recommendation is to reconfigure to encourage/reward job creation:

- Options include a credit that is either an amount per new job or some portion of new payroll;
- Require a specific job and payroll verification process.

Earl Sears moved that the Commission accept the recommendation made by PFM. Mandy Fuller seconded the motion. The following votes were recorded and the motion passed:

Mr. Johnson, aye; Ms. Fuller, aye; Mr. Roggow, aye; Mr. Sears, aye.

3.6. Discussion and possible action on Clean Burning Fuel Tax Credit:

PFM's recommendation is to retain, with modifications:

- The 2019 legislative changes were substantial, and it is not possible at this time to discern those impacts;
- Clarify statutory language related to eligible investments in commercial fueling activity.

Mandy Fuller moved that the Commission accept and follow the recommendation made by PFM to retain with modifications. Earl Sears seconded the motion. The following votes were recorded and the motion passed:

Mr. Johnson, aye; Ms. Fuller, aye; Mr. Roggow, aye; Mr. Sears, aye.

3.7. Discussion and possible action on Ethanol Fuel Retailer Tax Credit:

PFM's recommendation is to repeal:

- Reallocate the programs financial resources to the Tax Credit for Investment in Qualified Clean-Burning Motor Vehicle Fuel Property.

Earl Sears moved that the Commission accept the recommendation made by PFM to repeal Ethanol Fuel Retailer Tax Credit. Mandy Fuller seconded the motion. The following votes were recorded and the motion passed:

Mr. Johnson, aye; Ms. Fuller, aye; Mr. Roggow, aye; Mr. Sears, aye.

3.8. Discussion and possible action on Coal Tax Credits:

PFM's recommendation is to repeal (program will sunset on 12/31/21):

- Reallocate the program's financial resources into industry retraining opportunities.

Earl Sears moved that the Commission accept PFM's recommendation to repeal the Coal Tax Credits that will sunset on 12/31/21. Mandy Fuller seconded the motion. The following votes were recorded and the motion passed:

Mr. Johnson, aye; Ms. Fuller, aye; Mr. Roggow, aye; Mr. Sears, aye.

4. Discussion and possible action on the acceptance of the final report provided by PFM:

Earl Sears moved that the Commission accept the recommendation that they encountered today with the modifications that the Commission specifically have asked to those modifications be in the report. Mandy Fuller seconded the motion. The following votes were recorded and the motion passed:

Mr. Johnson, aye; Ms. Fuller, aye; Mr. Roggow, aye; Mr. Sears, aye.

5. Discussion and possible action to approve 2022 meeting dates, all on Thursday at 10 a.m.:

Jan. 20	Oct. 13	Dec. 8
Mar. 24	Oct. 27	
Aug. 25	Nov. 17	

Mandy Fuller moved to approve the 2022 meeting dates as written. Earl Sears seconded the motion. The following votes were recorded and the motion passed:

Mr. Johnson, aye; Ms. Fuller, aye; Mr. Roggow, aye; Mr. Sears, aye.

6. Adjournment

There being no further business, Mr. Sears made the motion to adjourn. Ms. Fuller seconded the motion. Seeing no opposition, the meeting adjourned at 11:44 a.m.