



**INCENTIVE EVALUATION COMMISSION
AMENDED MEETING MINUTES
Jan. 20, 2022; 10 a.m.
Oklahoma State Capitol
Senate Conference Room 4S.9 (419-C)
Oklahoma City, Oklahoma 73105**

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

MEMBERS PRESENT:

Lyle Roggow, President, Designee of the OK Professional Economic Development Council
Carlos Johnson, CPA, Designee of the Oklahoma Accountancy Board
Mandy Fuller, CPA, Auditor of Private Company
Earl Sears, Lay Person
Dr. Robert Dauffenbach, Economist
Mark Wood, Chairman, Tax Commission, Ex-Officio; Non-Voting
Brent Kisling, Director, Department of Commerce, Ex-Officio; Non-Voting

MEMBERS ABSENT: John Gilbert, OMES designee, Ex-Officio; Non-Voting

STAFF/GUESTS:

Beverly Hicks, Staff to the Commission	Lyle Walters, OCAST
Randall Bauer, PFM	Jim Dunlap, American Airlines
Karlee Gholson, Governor's Office	Andrew McQuade, OMES
Josh McGoldrick, ODOC	Joshua Gibson, OMES

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

Chairman Roggow called this regular meeting to order at 10:02 a.m. A roll call was taken, and a quorum was established. A meeting notice was filed with the Secretary of State, and the agenda was posted in accordance with the Open Meeting Act.

2. Approval of Minutes from the December 9, 2021, Commission special meeting:

Earl Sears moved to approve the meeting minutes for December 2021. 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; Dr. Dauffenbach, aye.

3. Discussion and possible action on election of Chairperson:

Earl Sears moved that Commissioner Roggow continue as our chair of this Commission. Dr. Robert Dauffenbach seconded the motion. The following votes were recorded, and the motion passed:

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

4. Discussion and possible action on election of Vice-Chairperson:

Earl Sears moved that Commissioner Johnson continue being our vice-chair. Dr. Robert Dauffenbach seconded the motion. The following votes were recorded, and the motion passed:

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

5. Report from the Criteria Subcommittee:

Commissioner Fuller reported that she and Dr. Dauffenbach were comfortable with the proposed criteria provided by PFM Consultant Randy Bauer.

6. Discussion and possible action to approve/adopt 2022, evaluation criteria by PFM Consultant Randall Bauer:

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| 1. Energy Efficient Residential Construction Tax Credit | 6. Technology Transfer Income Tax Exemption |
| 2. Basic and Applied Research Loan/Grant Program | 7. Technology Business Finance Program |
| 3. Quality Jobs Investment Program | 8. Oklahoma Applied Research |
| 4. Small Business Incubators – Sponsors | 9. Oklahoma Health Research |
| 5. Incentives for Inventors/New Products Development Income Tax Exemption | 10. Investment/New Jobs Tax Credit |
| | 11. Quick Action Closing Fund |
| | 12. Small Business Incubators/Tenants |
| | 13. Affordable Housing Act |

The Commission approved the thirteen incentives listed in December 2021.

Mr. Bauer presented evaluation criteria on ten of the thirteen incentives. He spoke about some changes affecting this year's, year seven schedule and the rationale behind it. The first five incentives in the list will be addressed in the next agenda item to be considered for removal from the schedule.

The members were provided a memo composed by PFM of these incentives evaluation criteria and the last time these were reviewed. For most of them, that was in 2018.

Dr. Robert Dauffenbach moved to adopt the 2022 evaluation criteria. 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; Dr. Dauffenbach, aye.

7. Discussion and possible action to revise five incentive items on the 2022-2025 schedule:

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| 1. Energy Efficient Residential Construction Tax Credit | 3. Quality Jobs Investment Program |
| 2. Basic and Applied Research/ Loan Grant Program | 4. Small Business Incubators – Sponsors |
| | 5. Incentives for Inventors/New Products Development Income Tax Exemption |

1. The Legislature repealed the Energy Efficient Residential Construction Tax Credit in 2016. The tax credit to date has not been reenacted. PFM reviewed it in 2018 because the tax credit could be carried forward for four years. There were still dollars associated with the program; however, the sunset has now run its course in terms of carryover. PFM reviewed the Tax Commission's 2020 tax expenditure report, and no credits showed to be taken. They do not see a reason to continue to evaluate this tax credit and recommend it be removed from the list of incentives for evaluation.
2. The Basic and Applied Research Loan/Grant Program is a program through the Department of Agriculture and is an agriculture research loan. In 2018, PFM provided the members a memo listing the dollar amounts used in this program, which was minuscule and never more than 100 thousand dollars, and most years, it was less than that. The Commission voted to exempt the program from evaluation in April 2018. PFM failed to move the incentive to the exempt category at the time and requested it to be transferred to that column. PFM will update the schedule and send the revised master to the members.
3. The Legislature repealed the Quality Jobs Investment Program in 2019. PFM reviewed the incentive in 2018 and recommended the program be repealed, and received the Commission's support. PFM met with the Oklahoma Development Finance Authority Chairperson, who did not like the program and was not using it. There have been no loans made since 2007, and it does not meet the dollar threshold. PFM recommended the incentive be moved to the exempt category of the schedule.
4. The Legislature repealed the Small Business Incubators – Sponsors in 2019. PFM recommended removing it from the program, and the Commission voted to repeal it in 2018. The Sponsor side of the incentive did not make a lot of sense because most incubators are non-profit or public sector entities that do not pay taxes. PFM asks that the Sponsors component of the incentive be removed from the schedule.
5. The Inventors/New Products Development Income Tax Exemption is the same program as Incentives for Inventors and is listed twice on the schedule. PFM is merging the incentive into one on the schedule as the New Products Development Income Tax Exemption and removing the Incentives for Inventors from the schedule.

Earl Sears moved to remove the five incentives discussed for our consideration. 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; Dr. Dauffenbach, aye.

8. Discussion and possible action to add the Oklahoma Seed Capital Fund Incentive to the 2022 schedule for evaluation, and if approved, to approve/adopt the evaluation criteria by PFM Consultant Randall Bauer:

Earl Sears moved to add the Oklahoma Seed Capital Fund to the list to be reviewed this year. 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; Dr. Dauffenbach, aye.

9. Announcements:

An updated 2022 schedule will be sent to the members next week. The next Incentive Evaluation Commission meeting will be held on March 24, 2022, at 10:00 a.m.

10. New Business:

None to report.

11. Adjournment

There being no further business, Mr. Sears made the motion to adjourn. Dr. Dauffenbach seconded the motion. Seeing no opposition, the meeting adjourned at 11:05 a.m.