OKLAHOMA
DEPARTMENT OF COMMERCE
OKcommerce.gov

2010 Oklahoma Incentives and Tax Guide

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What's New in the 2010 Oklahoma Business Incentives and Tax Information Guide

Welcome to the 2010 Oklahoma Business Incentives and Tax Information Guide. The rules, legislation and appropriations related to taxes and incentives are very dynamic, and as changes occur, this Tax Guide will be updated. Please refer to this on-line guide often to get the most current information. Two key changes from the previous year's Tax Guide are highlighted here in brief:

Former Indian Lands Tax Credit

The Emergency Economic Stabilization Act of 2008 (H.R. 1424) became law on October 3, 2008. Included in this law was the extension of the Former Indian Lands Income Tax Credit. This Federal credit allows for businesses located on qualifying Former Indian Lands in Oklahoma to have the opportunity for accelerated depreciation on capitalized items and also an income tax credit on wages paid to Native Americans or their spouses. This provision had expired on December 31, 2007, but it is now extended until December 31, 2009. Information on this tax credit is found in Section III of this tax guide.

The Oklahoma Opportunity Fund

No new appropriations were given to the Oklahoma Opportunity Fund in the 2009 legislative session. While there are no funds available in this fund for 2009 - 2010, the program still exists for the possibility of future appropriations.

I. Major Property Tax and Financial Incentives

A. Cash Payment Programs

1. The Oklahoma Quality Jobs Program
(68 O.S. §§ 3601 et seq.)

For more information, contact the Oklahoma Department of Commerce at (800) 879-6552 or info@okcommerce.gov. For forms, visit http://www.OKcommerce.gov/incentives. Find more info about Quality Jobs here.

This incentive program provides quarterly cash payments of up to 5% of newly created gross taxable payroll to a qualifying company. The company must enter into a contract with the Oklahoma Department of Commerce before it may receive any payments based on salaries of any new direct jobs. Payments are made quarterly during the first three years, provided employees are paid at or above the average wage required. After three years if all thresholds are achieved, incentive payments may extend for an additional seven-year period for a total of ten years. A qualified company must achieve a $2.5 million annualized payroll for the new direct jobs for any four consecutive quarters during its first 12 quarters in the program. If this payroll amount is not achieved, payments cease. The payments received do not have to be paid back. All jobs and wages claimed for benefits must be located within the state and be subject to Oklahoma payroll withholding taxes.

In order to qualify for the program, the business must offer basic health insurance coverage to all employees whose pay is included in the new payroll figures. Employees must not be required to pay more than 50% of the premium. The plan must permit employees to access the health coverage within 180 days of employment. Eighty percent of the employees, whose pay is included in the new payroll, must work at least 30 hours per week. All employees included in the program must be paid a wage equal to the average county wage where the project is located. Presently, wage requirements do not exceed $28,878 in any county regardless of average county wage. The minimum wage requirements do not apply to participants located in Opportunity Zones, as designated by the Department of Commerce. Under certain circumstances, leased employees may be included in payroll calculations.

In counties where a “negative economic event” has occurred, an applicant company may qualify without regard to the average wage requirement. A negative economic event is defined as a natural or man-made disaster that results in the loss of a significant number of jobs, as defined in Local Area Unemployment Statistics. The applicant must apply to the program within 18 months of the negative economic event.

In order to apply, companies must contact an Oklahoma Quality Jobs Representative from the Department of Commerce at (800) 879-6552. A preliminary cost-benefit analysis will be prepared. This analysis estimates the payments that a project may be eligible to obtain. If the company wishes to pursue application for the program, it must then submit a formal application. A contract offer may follow. The Department of Commerce determines eligibility for the initial contract, but the Oklahoma Tax Commission oversees contract payments. Participants must file their initial claim for benefits within 3 years of application date. The initial quarter for which benefits are claimed must be the first full quarter following the date of application.

Companies enrolled in the Quality Jobs Program may not use certain income tax credits, sales tax refunds, or low-cost loan programs.

Most businesses that qualify receive payments in the range of 4% of new payroll. In certain counties designated as economically challenged, a 5% net benefit rate automatically applies. This percentage fluctuates by the average weighted salary of the new jobs. See the following map of the counties that are designated as automatic 5% areas in this section.

Certain industry codes may receive a higher percentage of benefit, based on the level of the state's income tax rate. Specifically these industries include Sports Teams & Clubs, Web Search Portals, Other Support Activities for Air Transport, Professional Organizations, and Offices of Real Estate Agents & Brokers. Sports Teams & Clubs may also receive payments for fifteen years.

Companies that have participated in the program for at least 12 months, and which are expanding again, may receive up to a 6% rate on the new contract provided all thresholds are met and the wage level is at least 150% of those wages for which the benefits have been claimed in their initial project.

Legislation adopted in 2006 allows certain companies which experience a "Change in Control Event" which would cause jobs to leave the state to qualify under a "retention" basis. A Change in Control Event is defined as more than 50% of the voting interests of the transferring party or more than 50% of the assets of the establishment are being transferred to new ownership. Such companies may count their existing jobs as "new direct jobs" and receive benefits on them if they meet certain criteria. Among these requirements is to pay all employees at a wage level of at least 125% of the average county wage, and maintain a level of employment as of the date of change in control. Companies participating in the program must meet all other Quality Job Program criteria, and should they leave the state before a 3 year period, must refund all benefits received. Companies interested in this program must complete a "pre-application", to be reviewed for approval by the Director of the Department of Commerce, before formal application.

Beginning in July 2009 companies that receive a Qualified Federal Contract may participate in the Quality Jobs Program, receiving benefits on the Qualified Labor Hours generated under that Federal Contract at both the Prime Contractor and at any qualified Subcontractor which receives a portion of work from that Federal contract. A Federal Contract Verifier is involved in the process to track, administer and audit all work done under the Federal contract. The Net Benefit Rate ranges from 0% to 2% of the "reimbursable labor rate" as outlined in the Federal Contract. The Net Benefit Rate is determined annually based on performance, calculated on the ratio of subcontractor labor hours performed and the total labor hours performed on the Federal Contract. In general, the more subcontractor work the Prime Contractor allocates in the state the higher the benefit rate will be for that Prime Contractor.

A lower annualized payroll threshold of $1.5 million may apply to the following applicants:

- Food processors with 75% out-of-state sales (see NAICS Manual Nos. 3111 through 3119)
- Firms performing Research, Development, and Testing Services as described in NAICS Manual Nos. 541710 and 541380.
- Auxiliary Research and Development Labs of large enterprises.
- Relocations on select former military bases.

A lower threshold of $1 million in new annualized payroll is available to businesses that produce new direct jobs to the State that are equal to or greater than 1% of the total labor force of the county in which they locate. These High Impact Projects can be located in over a third of all

Oklahoma counties. The payments, which are set at 2.5% of new qualified payroll, may extend for up to six years, instead of 10 years as set out in the original program.

In addition, a *no payroll threshold* applies to companies locating on a site consisting of at least 10 acres that is also a Superfund renewal site or listed on the National Priorities List. Sites may still qualify if not on the list if they have been formally deferred to the State, or if they are being remediated pursuant to a clean-up plan approved by the Department of Environmental Quality.

The Department of Environmental Quality notifies the Oklahoma Department of Commerce of the qualifying areas and companies.

Qualifying Basic Industries for the Quality Jobs Programs include the following:

- Manufacturing Industries classified under NAICS Manual Nos. 31, 32, 33, 5111, or 11331.
- Research and Development and Testing Laboratories. See NAICS Manual Nos. 541710 and 541380.
- Central Administrative Offices and Research and Development and Testing Divisions of other establishments or enterprises. See NAICS Manual Nos. 5611, 5612, 518112, 519130, 52232, 56142, 54191, 524291, 551114, and 488190.
- Distribution centers for retail or wholesale businesses defined under NAICS Manual No 42, where at least 40% of inventory is shipped out-of-state.
- Transportation by Air (See NAICS Manual No. 4811) if corporate headquarters and some reservations activities are within the state or 75% of air transport sales is to out-of-state consumers.
- Flight Training Services classified under NAICS Manual No. 611512
- Sports Teams & Clubs, classified under NAICS Manual No. 711211
- The following Service Companies if 75% of the sales are out-of-state:

  NAICS No. 2111 – Certain jobs related to the mining of oil and gas
  NAICS Nos. 493, 484, 4884-4889 – Motor Freight Transportation and Warehousing
  NAICS Nos. 561510, 561520, 561599 - Arrangement of Passenger Transportation
  NAICS No. 541614 - Transportation of Freight or Cargo
  NAICS Nos. 51741 and 51791 - Certain Communications Services
  NAICS No. 5622 - Certain Refuse Systems that distribute methane gas
  NAICS Nos. 4244 and 4245 - Grocery Wholesale Distributing
  NAICS No. 5241 - Insurance Carriers
  NAICS Nos. 524210 and 524292 – Insurance Claims Processors only
  NAICS No. 561440 - Adjustment and Collection Services
  NAICS Nos. 541430, 541860, 541922, 561439, 561492 - Mailing, Reproduction, Commercial Art, Photography and Stenographic Services
  NAICS No. 5617 - Services to Dwellings and Other Buildings; excluding 561730
  NAICS Nos. 5323 and 5324 – Miscellaneous Equipment Rental
  NAICS No. 5613 - Personnel Supply Services

NAICS Nos. 5112, 5182, 5191, 5415 – Computer Programming, Data Processing and Other Computer-Related Services
NAICS Nos. 561410, 56142, 561421, 561422, 56143, 561431, 561439 and 5616, 519110 - Miscellaneous Business Services
NAICS No. 6215 - Medical and Dental Laboratories
NAICS Nos. 5412, 5414, 5415, 5416, 5417, 54131, 54133, 54136-54137, 54182, and 541990 - Engineering, Management and Related Services
NAICS Nos. 112120 and 112310- Agricultural Production
NAICS No. 53121- Offices of Real Estate Agents & Brokers
NAICS No. 813920 - Professional Organizations

Electric Services Companies, within NAICS Nos. 221111-221122 - Exempt Electric Wholesale Generators if 90% of energy input is consumed from in-state sources and 90% of sales are out-of-state.

2. Small Employer Quality Jobs Program

(68 0.S. §§ 3901 et seq.)

For more information, contact the Oklahoma Department of Commerce at (800) 879-6552 or info@okcommerce.gov. For forms, visit http://www.OKcommerce.gov/incentives.
This incentive program provides annual cash payments to a qualifying company. The payments may reach as much as 5% of new taxable payroll and last for up to seven years. Qualifying payroll must be attributable to annual salaries that are at least 110% to 125% of the average wage of the county in which the jobs are located. Legislation enacted in 2006 allows companies located in certain economically challenged counties to qualify for the program at an average wage level of 100%. These counties are determined by data provided from the United States Census Bureau regarding personal poverty rate above 15% and the unemployment rate being more than 10% above the state rate. Generally, companies locating in metropolitan counties will not qualify unless they locate in Opportunity Zones that are specified according to census data. Research and Development companies in Physical, Engineering and Life Sciences, and Testing Laboratories may locate anywhere and still qualify. Health premiums paid by the company may be added to the base salaries to determine the total compensation for the average wage amount. Basic health insurance must be offered to new employees within 12 months of their start date, and the employee must pay no more than 50% of the cost. Depending on location, at least five, and possibly as many as 15, new employees must be added in the first 12 months after the contract start date. Companies in research and development, software publishing, data processing, hosting and related services, computer systems design, medical and diagnostic or testing laboratories to have up to 36 months to create the minimum number of jobs required. Companies must be in a basic industry listed in the Quality Jobs Program, except companies engaged in the mining of oil and gas. Generally, businesses must make at least 75% of annual sales to out-of-state customers, or to in-state customers if resold to an out-of-state consumer, or to the federal government within 12 months. Life Science Research and Development Companies are exempt from this requirement if they perform R&D functions on their own behalf. Distribution Centers for a larger operation are required to distribute 40% of their inventory out-of state. Qualified companies may not have more than 90 employees at the time of application, nor have had more than 90 employees in the state for the 12 months prior to the time of application.

Companies that have received incentive payments under any other state Quality Jobs Program may not participate in this program. Companies benefiting from the Rural Economic Development Loan Act may not access this program. Companies contracting for this program are also prohibited from taking the investment new jobs income tax credit, construction sales

tax refunds and other tax benefits. The Department of Commerce determines eligibility for the initial contract, but the Oklahoma Tax Commission oversees contract payments.

3. The 21st Century Oklahoma Quality Jobs Program (effective November 1, 2009).

(68 O.S. §§ 3911 et seq.)

For more information, contact the Oklahoma Department of Commerce at (800) 879-6552 or info@okcommerce.gov. For forms, visit http://www.OKcommerce.gov/incentives. Find more info about Quality Jobs here.

This State incentive was created to attract growth industries and sectors to Oklahoma in the 21st Century through a policy of rewarding businesses with a highly skilled, knowledge-based workforce. The intended purpose of the program is to promote indisputably impactful high wage jobs without competing with existing incentives. The framework of this program is based on the popular Quality Jobs Program developed in 1993.

The program works to rebate a portion of the newly created Oklahoma payroll to the participant. Qualifying companies in this program that create at least 10 new jobs, which are paid at the rate of 300% of the average county wage where the project is located (or 300% of the average of Oklahoma county wages, $86,637) whichever is lower may qualify for up to 10% of the wages of these new jobs rebated in cash on a quarterly basis. The company has 3 years to create all of the required new jobs. During this time, the company may qualify for payments even if they are below the required 10 new jobs, but the Net Benefit Rate will only be up to 7% during that time. The participating company must achieve the required 300% payroll on a quarter-by-quarter basis for whatever jobs it has created to that point to receive a benefit payment.

Once the required minimum of 10 new jobs is met in any of the first 12 quarters, the company will be paid up to a 10% benefit rate. The company may then participate for the full 10 years. Should the participating company not be able to reach the 10 new jobs within the first 12 quarters they are dismissed from the program. As well, if the company falls below the 10 new jobs after qualifying for the full 10 year program, they will not be paid for that given quarter. Benefit payments will resume once the company again reaches the qualifying job and wage threshold. Should the company experience 4 consecutive quarters below the qualifying thresholds of jobs and wage, they will be dismissed from the program. Companies that are able to meet the required thresholds may participate for 10 years. The company must enter into a contract with the Oklahoma Department of Commerce before it may receive any payments based on salaries of any New Direct Jobs.

Participation in the program is based on the applicant being in a qualifying industry activity code (NAICS code). With the exception of jobs within the Oil & Gas, Spectator Sports and Real Estate industries, all of the qualifying NAICS codes allowed in the Quality Jobs Program are eligible to participate in the 21st Century Quality Jobs Program. In the spirit of this enhanced incentive, there are additional qualifying codes. The Quality Jobs Program codes are listed below, and the added codes follow below that.

Qualifying Basic Industries for the 21st Century Quality Jobs Programs include the following:

- Manufacturing Industries classified under NAICS Manual Nos. 31, 32, 33, 5111, or 11331.
- Research and Development and Testing Laboratories. See NAICS Manual Nos. 541710 and 541380.

- Central Administrative Offices and Research and Development and Testing Divisions of other establishments or enterprises. See NAICS Manual Nos. 5611, 5612, 518112, 519130, 52232, 56142, 54191, 524291, 551114, and 488190.

- Distribution centers for retail or wholesale businesses defined under NAICS Manual No 42, where at least 40% of inventory is shipped out-of-state.

- Transportation by Air (See NAICS Manual No. 4811) if corporate headquarters and some reservations activities are within the state or 75% of air transport sales is to out-of-state consumers.

- Flight Training Services classified under NAICS Manual No. 611512

- The following Service Companies if 75% of the sales are out-of-state:

  NAICS Nos. 493, 484, 4884-4889 – Motor Freight Transportation and Warehousing
  NAICS Nos. 561510, 561520, 561599 - Arrangement of Passenger Transportation
  NAICS No. 541614 - Transportation of Freight or Cargo
  NAICS Nos. 51741 and 51791 - Certain Communications Services
  NAICS No. 5622 - Certain Refuse Systems that distribute methane gas
  NAICS Nos. 4244 and 4245 - Grocery Wholesale Distributing
  NAICS No. 5241 - Insurance Carriers
  NAICS Nos. 524210 and 524292 – Insurance Claims Processors only
  NAICS No. 561440 - Adjustment and Collection Services
  NAICS Nos. 541430, 541860, 541922, 561439, 561492 - Mailing, Reproduction, Commercial Art, Photography and Stenographic Services
  NAICS No. 5617 - Services to Dwellings and Other Buildings; excluding 561730
  NAICS Nos. 5323 and 5324 – Miscellaneous Equipment Rental
  NAICS No. 5613 - Personnel Supply Services
  NAICS Nos. 5112, 5182, 5191, 5415 – Computer Programming, Data Processing and Other Computer-Related Services
  NAICS Nos. 561410, 56142, 561421, 561422, 56143, 561431, 561439 and 5616, 519110 - Miscellaneous Business Services
  NAICS No. 6215 - Medical and Dental Laboratories
  NAICS Nos. 5412, 5414, 5415, 5416, 5417, 54131, 54133, 54136-54137, 54182, and 541990 - Engineering, Management and Related Services
  NAICS Nos. 112120 and 112310- Agricultural Production
  NAICS No. 53121- Offices of Real Estate Agents & Brokers
  NAICS No. 813920 - Professional Organizations

Electric Services Companies, within NAICS Nos. 221111-221122 - Exempt Electric Wholesale Generators if 90% of energy input is consumed from in-state sources and 90% of sales are out-of-state.

Additional codes added for 21st Century Quality Jobs Program only:

NAICS No. 62231, Specialty Hospitals (no out-of-state sales requirements)
NAICS No. 7111, Performing Arts Companies (no out-of-state sales requirements)

The following qualifying NAICS codes have a 50% out-of-state sales requirement:

NAICS No. 237-Heavy and Civil Engineering Construction
NAICS No. 5121-Motion Picture and Video Industries
NAICS No. 5122-Sound Recording Industries
NAICS No. 523-Securities, Commodity Contracts, Financial Investments & Related Activities
NAICS No. 524-Insurance Carriers and Related Activities
NAICS No. 525-Funds, Trusts, and other Financial Vehicles
NAICS No. 5411, 5412, 5413, 5414, 5418, 5419- Professional, Scientific, and Technical Services
NAICS No. 8112-Electronic & Precision Equipment Repair & Maintenance relating to Wind Power Industry only

Program Guidelines for the 21st Century Quality Jobs Program may be found on the Oklahoma Department of Commerce website at www.okcommerce.gov/incentives. These Guidelines contain the formal application and required supporting documents necessary to apply. Technical assistance in completing the forms may be found there, as well.

4. 2009 Quality Jobs Program Legislative Changes

A. Prime Contractors

In legislation effective July 1, 2009 Prime Contractors that secure certain Federal Contracts become eligible to participate in the Quality Jobs Program. These Prime Contractors may qualify for program benefits on the new direct jobs that they create, and may also qualify for benefits on new direct jobs created by subcontractors which are awarded a portion of that prime contract. Integral in this process is the involvement of a recognized "federal contract verifier" that certified the creation, maintenance, and reporting of the jobs and wage thresholds required by both the Federal Contract and the Oklahoma Quality Jobs Program.

B. 21st Century Quality Jobs Program

New legislation designed to make a splash in the incentives arena. This program allows most of the normal industries to participate, plus expands the list of industries in areas such as Finance, Insurance, IT, Music & Film, Specialty Hospitals, and Utilities (wind production). Companies that create 10 new jobs, paid at 300% of county average wage ($86,637) may receive up to 10% of their payroll rebated for up to 10 years. Effective November 1, 2009.

C. Quality Jobs & Investment Tax Credit

This change allows companies to participate in both QJP and ITC simultaneously. This is a significant change from prior years in Oklahoma. The investment must be $40MM or more, and QJP requires an average wage equal to that of the state, or $35,131. Effective January 1, 2010.

D. Wind Power Equipment Maintenance/Repair

This change allows companies that repair and maintain Wind Power equipment (towers, generators, blades, and support equipment) to participate in the QJP program. This NAICS was formerly not a qualifying code. Effective November 1, 2009.

For more information, contact Rich Schwalbach at (405) 815-5269 or rich_schwalbach@okcommerce.gov.

5. 2009 Quality Jobs Program Highlights

A. Prime Contractor

The Prime Contractor incentive creates:

1. An incentive that targets prime contractors to perform federal contracting work in Oklahoma; and
2. A foundation of building Oklahoma's smaller businesses by incentivizing prime contractors to award subcontracting work to Oklahoma businesses.

Key Points:

- The Quality Jobs incentive is amended to allow companies that are awarded federal contracts (prime contractors) to be paid incentives for jobs and payroll created at both the prime contractor and a qualifying subcontractor.
- FEMA emergency grants are not qualifying federal contracts.
- The net benefit rate is tied to the amount of subcontracting work performed by qualified Oklahoma companies and the total amount of contract work performed by the prime contractor in Oklahoma.
- A federal contract verifier ensures the prime contractor is awarded a qualifying federal contract.
- Currently, the University Multispectral Lab at OSU qualifies as a federal contract verifier.
- Effective July 1, 2009.

B. 21st Century Quality Jobs

The 21st Century QJ creates:

1. An incentive that targets and promotes indisputably impactful high wage jobs and enables Oklahoma to diversify its economy by developing clusters around knowledge-based, service industries;
2. A foundation of attracting 21st Century growth industries and sectors to Oklahoma; and
3. A policy of incentivizing businesses with a high skilled, knowledge-based workforce.

Key Points:

- Most industries that qualify for the Quality Jobs program will also qualify for the 21st Century QJ Program with the exceptions of Oil & Gas, Spectator Sports, and Real Estate industries.
- New industries that will qualify for the 21st Century QJ Program will include Specialty Hospitals (Health Care), Performing Arts, Heavy & Civil Engineering, Motion Picture & Video Industries, Sound Recording Industries, Financial Investment Activities, and Professional Services such as Accounting, Architectural, and Legal Services.
- Reduces out-of-state sales requirements from 75% to 50% for industries that are required to have out-of-state sales.
    - Out-of-state sales are required for: (1) Industries in the Regular QJ Program that are required to have out-of-state sales, (2) Heavy & Civil Engineering, (3) Motion Picture & Video Industries, (4) Sound Recording Industries, (5) Financial Investment Activities, and (6) Professional Services such as Accounting, Architectural, & Legal Services.
    - Out-of-state sales are not required for: (1) Industries in the Regular QJ Program that are not required to have out-of-state sales such as the manufacturing and R&D industries, (2) Specialty Hospitals, and (3) the Performing Arts industries.

- Requires at least 10 fulltime jobs at an annual wage of the lesser of $86,637 or 300% of the county's average wage.
- Maximizes the eligible incentive payment by incorporating expanded state benefits by allowing a net benefit rate of up to 10% of payroll.
- There are two net benefit rates in the 21st Century Program, an "Initial Net Benefit Rate" and the "Fulfillment Net Benefit Rate."
- The Initial Net Benefit Rate is calculated similar to the Quality Jobs net benefit rate by taking into account the state's direct benefits and direct costs associated with the project. However, the Initial Net Benefit rate is allowed to increase up to 7% rather than be capped at 5% as with the regular QJ program.
- The Fulfillment Net Benefit Rate incorporates indirect costs and benefits into the calculations and is allowed to increase up to 10% once the company hires/maintains 10 fulltime jobs. If the company drops below the 10 fulltime jobs, then the initial net benefit rate would be applicable.
- Applies for a total of 10 years and becomes effective November 1, 2009.

C. Quality Jobs + Investment Tax Credits

The QJ + ITC incentive creates:

1. An incentive that targets industries that have large capital investments in addition to creating skilled jobs;
2. A foundation of attracting "name-plate" companies to Oklahoma; and
3. A policy of incentivizing businesses with large capital investments and creating jobs that pay higher than average wages.

Qualifying Requirements:

- Job creation requirements similar to present QJ program except that the wages must be greater than the state's average wage – presently $35,131, which changes every year at the same time that average county wages change in the Quality Jobs program.
- Capital investment greater than $40 million, which is similar to present ITC requirements and qualifies the investment for a 2% tax credit per year for 5 years.
- With the ability to take both QJ and ITC incentives, the NBR of the QJ portion is equal to the calculated NBR. There are no automatic 5% areas.
- Companies could not exceed the 5% NBR if they pay wages greater than the normal 5% NBR wage.
- QJ+ITC may not be combined with Small Quality Jobs or 21st Century QJ.
- Industries that may qualify for the incentive are only those industries that presently qualify for ITC (that is manufacturing industries).
- Becomes effective January 1, 2010.

D. OK Community Economic Development Pooled Finance

The Pooled Finance incentive creates:

1. An bonding incentive that targets job creation and infrastructure development; and
2. A foundation of ensuring Oklahoma's infrastructure is high quality for attracting and retaining jobs.

Key Points:

- A $100 million Infrastructure Pool is created for bonding to local governments issued through the ODFA.
- The Infrastructure pool revenue must be used for infrastructure development such as:

  - County/municipal roads & bridges
  - Water treatment facilities
  - Solid waste management facilities
  - Other infrastructure assets owned by local government
- Bonds issued from the Infrastructure Pool are financed or repaid from taxes voted on by local community.
- A $100 million Economic Development Pool is created for bonding to local governments in conjunction with a for-profit entity through ODFA.
- The Economic Development Pool shall be used for economic development projects in the state.
- Bonds issued from the Economic Development Pool may be paid from withholdings taxes, and other revenue, at the for-profit entity benefitted by the bond.
- For bond obligations issued under this act, there is a maximum maturity of 25 years and a maximum coupon rate of 14%.
- Sixty-five percent of the net proceeds from both the Infrastructure Pool and the Economic Development Pool shall be used by ODFA for municipalities that do not exceed 300,000 people.
- The remaining thirty-five percent may be used by the ODFA for any eligible local government.
- Effective July 1, 2009.

6. 5% Areas for Oklahoma Quality Jobs Program

(***Effective from May 26, 2009 to May 31, 2010***)

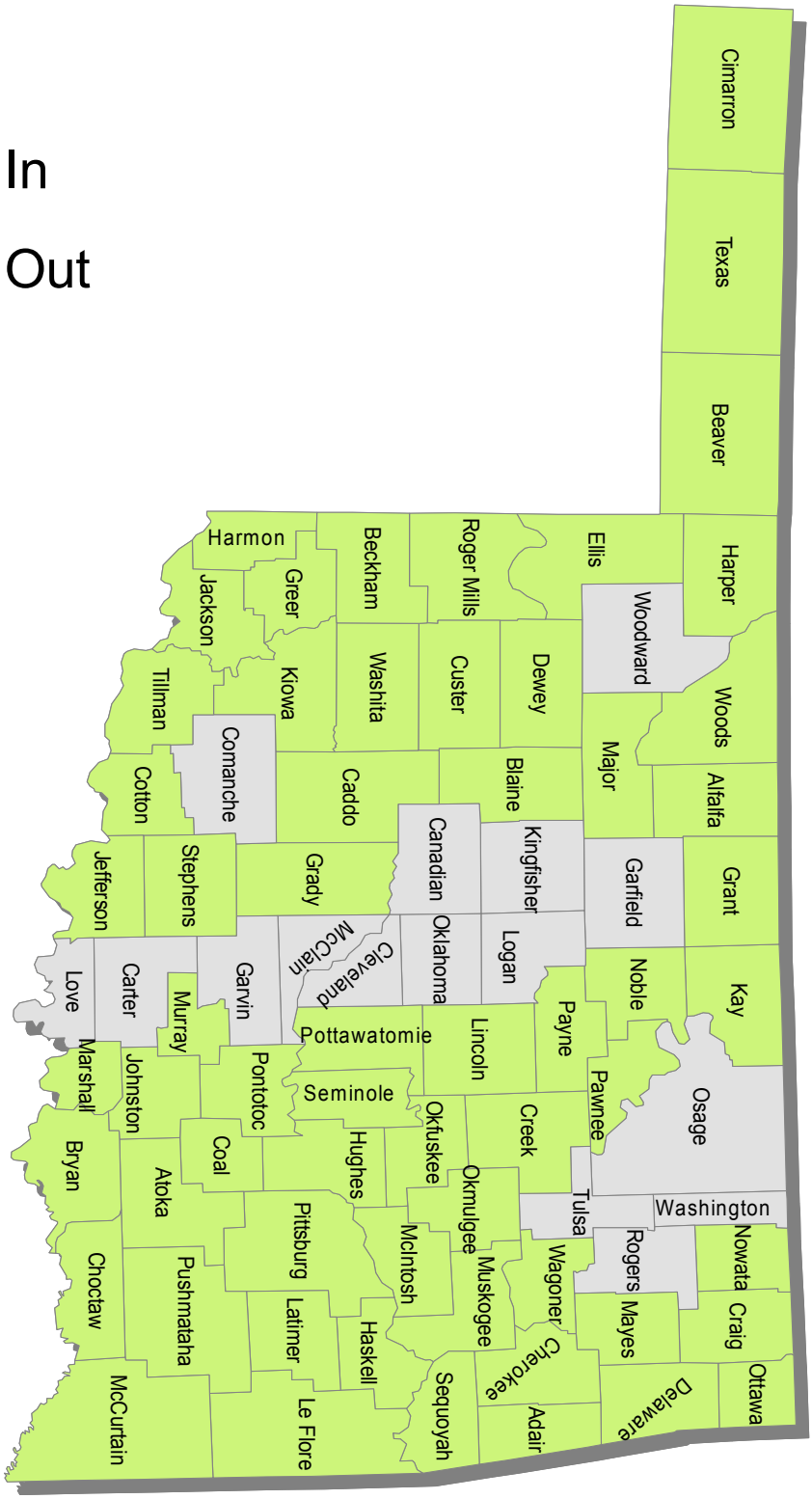
County & Status

Adair	In	Ellis	In	Major	In	Sequoyah	In	Canadian	Out
Alfalfa	In	Grady	In	Marshall	In	Stephens	In	Carter	Out
Atoka	In	Grant	In	Mayes	In	Texas	In	Cleveland	Out
Beaver	In	Greer	In	Murray	In	Tillman	In	Comanche	Out
Beckham	In	Harmon	In	Muskogee	In	Wagoner	In	Garfield	Out
Blaine	In	Harper	In	Noble	In	Washita	In	Garvin	Out
Bryan	In	Haskell	In	Nowata	In	Woods	In	Kingfisher	Out
Caddo	In	Hughes	In	Okfuskee	In			Logan	Out
Cherokee	In	Jackson	In	Okmulgee	In			Love	Out
Choctaw	In	Jefferson	In	Ottawa	In			McClain	Out
Cimarron	In	Johnston	In	Pawnee	In			Oklahoma	Out
Coal	In	Kay	In	Payne	In			Osage	Out
Cotton	In	Kiowa	In	Pittsburg	In			Rogers	Out
Craig	In	Latimer	In	Pontotoc	In			Tulsa	Out
Creek	In	Le Flore	In	Pottawatomie	In			Washington	Out
Custer	In	Lincoln	In	Pushmataha	In			Woodward	Out
Delaware	In	McCurtain	In	Roger Mills	In				
Dewey	In	McIntosh	In	Seminole	In				

For more information, contact the Census Data Center at 405-815-5176 or 800-879-6552 ext 5176. Source: Oklahoma Department of Commerce.

5% Areas for Oklahoma Quality Jobs Program

(Effective from May 26, 2009 to May 31, 2010)



In

Out

For more information, contact the Census Data Center at (405) 815-5176 or (800) 879-6552 ext 5176. Source: Oklahoma Department of Commerce

B. Employee Training

1. Training for Industry Program (TIP)

The American dream is alive and well in Oklahoma, as companies secure their future with a talented, skilled and productive workforce. Whether a new or an expanding company in Oklahoma, the nationally acclaimed Training for Industry Program (TIP) can help a company create the trained workforce it needs in order to be productive from the start. And best of all – it's virtually free.

In existence since 1968, TIP has served thousands of companies in virtually every industry sector. From manufacturing to warehouse and distribution centers, business services to aviation, biotech to food processing, CareerTech has the experience and expertise to serve companies well. Totally customized and extremely flexible, TIP is delivered through Oklahoma's *CareerTech* System with 29 state-of-the-art technology centers with 56 locations across the state.

Beyond start-up, CareerTech's technology centers provide ongoing, customized training for existing employees at significant cost. Each year thousands of Oklahoma companies keep their employees on the leading edge by taking advantage of programs like Customized Business and Industry Training, Existing Industry Training, Management and Organization Development, Career Development for Adults, and the award-winning Safety Training.

Whether using TIP or any of the programs for existing industry, there is expertise in a wide variety of disciplines, including:

- ☑ software skills training
- ☑ inventory management
- ☑ customer service
- ☑ safety training
- ☑ industrial maintenance
- ☑ ISO certification and maintenance
- ☑ SPC
- ☑ Lean
- ☑ Six Sigma
- ☑ team building
- ☑ front-line supervisor skills
- ☑ blueprint reading

2. Existing Industry Initiative (EITP)

Oklahoma's Career and Technology Education System is extremely fortunate to receive funding for the Existing Industry (EI) Training Program. It provides Oklahoma with yet one more way to serve business and industry customers. With eligibility requirements similar to that of the Training for Industry Program, this is an economic development tool that helps assure Oklahoma stays competitive and that Oklahoma companies are economically viable. EI funds are used to defray the expenses related to provide upgrade training or skills modernization for existing workers in Oklahoma companies and many other skills that are relevant to business.

For more information and to begin the process of leveraging our assets to grow your company, contact Scott Smith with the Oklahoma Department of Career and Technical Education (CareerTech) at (405) 815-5110 or scott_smith@okcommerce.gov.

Additional information can also be obtained by going on-line to www.okcareertech.org or by calling CareerTech direct at (405) 377-2000.

C. Ad Valorem Tax Exemptions

1. State Decision

(68 0.S. § 2902)

For more information contact the Oklahoma Tax Commission, Ad Valorem Division at (405) 319-8200 or helpmaster@oktax.state.ok.us. For forms, visit www.oktax.state.ok.us or contact a local County Assessor to discuss what property may qualify for the exemption. Find more information here.

Certain new and expanding manufacturers, research and development companies, certain computer services and data processing companies with significant out-of state sales, aircraft repair companies, oil refineries, and certain windpower generators may be eligible for ad valorem tax exemptions for up to five years. Computer services and data processing companies must meet certain conditions. SIC Industry Group Numbers 5112 and 5415 and NAICS Numbers 5112, 5415, 334611, and 519130 must have out-of-state sales of at least 50%. NAICS 5182 must have out-of-state sales of at least 80%. Computer data processing classified in SID Industry Group 7374 and NAICS 518210 may also be eligible based on payroll or capital investment.

Threshold requirements are an investment of at least $250,000 and an addition of $250,000 in annual payroll in counties with a population of 75,000 or less. If the company is located in a larger county, an additional annualized payroll of at least $1,000,000 is required. If a $7 million investment is made in new facilities for certain computer service companies or web portals, there is no additional payroll requirement, provided that the current payroll is maintained. Direct replacement, repair, or maintenance of existing machinery or equipment will not qualify.

Windpower generators in NAICS 221119 are exempt from the payroll requirement, provided there is an increase of Two Million Dollars or more in capital improvements while maintaining or increasing payroll. Eligible property, which may be exempt from the ad valorem tax, may include land, buildings, improvements, machinery, fixtures and equipment used directly and exclusively in the primary activity or process of the company located on the facility site.

Firms must make an annual application to the County Assessor by March 15th of the year in which the exemption is requested. Upon approval of the application, the state will reimburse tax dollars to local taxing jurisdictions, which they would have otherwise received. As a result, although application for the exemption is made to the County Assessor, Oklahoma Tax Commission personnel are involved in the final review to determine the exemption. It is the responsibility of the company to apply for the exemption each year by March 15th.

SB-798 provided for the reinstatement of the five-year manufacturing exemption for distribution centers. The bill added establishments primarily engaged in distribution as defined by NAICS 49311, 49312, 49313, and 49319.

Construction of the distribution center must begin on or after November 1, 2007 and be completed within three (3) years from the date of construction. A minimum investment of Five-Million Dollars ($5,000,000.00) is required at least 100 FTE paid at least one-hundred seventy-

five percent (175%) of the federal minimum wage. [Ref: 68 O.S. Sec. 2902 (B) (1) (e)] Effective November 1, 2007.

2. Exempt Inventory

(Art. 10, § 6A Okla. Const.) (68 O.S. § 2902.2)

For more information, contact the Oklahoma Tax Commission at (405) 319-8200 or helpmaster@oktax.state.ok.us. For forms, visit www.oktax.state.ok.us or contact a local County Assessor to discuss what property may qualify for the exemption. Download PDF on Exempt Inventory here.

Oklahoma's Freeport Law exempts from taxation goods, wares, and merchandise that come from outside the state and leave the state within nine months if such goods, wares, and merchandise are held for assembly, storage, manufacturing, processing, or fabricating purposes within the state. This exemption must be filed with the county assessor by March 15th as other exemption applications.

The Oklahoma State Constitution and Title 68 O.S. § 2805 exempt intangible personal property including cash, receivables, bonds, stocks, and annuities from ad valorem taxation.

All tangible personal property is reported to the County Assessor no later than March 15th of each year. A Freeport exemption application must accompany the report.

3. Aircraft Manufacturers Exemption License

(3 O.S. §§ 254 and 256.2)

For more information, contact the Oklahoma Tax Commission at otcmaster@tax.ok.gov. Download PDF an Aircraft Manufacturing Exemption License here.

Manufacturers of aircraft may purchase an exemption license of $250 in lieu of any ad valorem tax upon aircraft owned by the manufacturer. Each manufacturer of aircraft must pay a registration fee of $250 on each aircraft in the process of manufacture.

4. Local Incentive

(62 O.S. § 860)

For more information, contact the Oklahoma Department of Commerce at (800) 879-6552 or info@odoc.state.ok.us.

Another method for companies to obtain ad valorem incentives or exemptions is for local taxing entities to designate Incentive Districts in the community and allow exemptions of some, or a portion of local taxes, by written agreement amongst all taxing units affected. The revenue is not reimbursed by the state using this method so the decision to allow the exemption is strictly a local one. The exemption is allowed on new investment only and is not available to predominantly "retail" establishments, which by statutory definition do not include hotels or motels.

Exemptions are for five years unless the business is located in an Enterprise Zone - then, the exemption may be for up to six years. It may be extended for the sixth year only by agreement of all local taxing entities. Companies enrolled in the five-year manufacturers exemption described in Section C.1 (68 O.S. § 2902) are not eligible for the local incentive, nor are companies relocating from within the state.

II. Income Tax Credits and Exemptions

A. For Business

1. The Investment / New Jobs Income Tax Credit
(68 O.S. § 235 7.4)

For more information contact the Oklahoma Tax Commission at (405) 521-3133 or helpmaster@oktax.state.ok.us. For forms, visit www.oktax.state.ok.us.

Downloads:
Investment/New Jobs Credit – Form 506
Oklahoma Resident Individual Income Tax - Form 511
Oklahoma Corporate Income Tax – Form 512

Manufacturers who hold a manufacturer's sales tax exemption permit may choose this income tax credit based on either an investment in depreciable property or on the addition of full-time equivalent employees engaged in manufacturing, processing or aircraft maintenance. Participation in this benefit prohibits a manufacturer from participating in the Quality Jobs Program.

Manufacturers that invest in qualified new depreciable property and also hire new employees may compute the five-year tax credit either (1) by calculating 1% of the qualifying investment or (2) by multiplying $500 per new employee, and then choosing whichever credit is larger. The maximum credit in the first five years equals up to 5% of the investment, or $2,500 per new employee. The credit doubles for most investments in excess of $40 million or for those qualified investments in an Enterprise Zone. Credits may reach as high as 10% of new investment, or $5,000 per new employee. Any credit allowed but not used in the initial five-year period, for investments after January 1, 2000, may be carried over until used by the company.

Investment in depreciable property must equal at least $50,000, and the number of employees must not decrease as a result of the investment. Qualified property includes all machinery, fixtures and buildings, including warehousing or substantial improvements to buildings used in a manufacturing operation on a manufacturing site. Eligibility is initially determined each year by the taxpayer on its income tax return.

If an employer wishes to take the credit based on an increase in the number of full-time equivalent employees engaged in manufacturing, processing, or aircraft maintenance, each new position on which the credit is based must earn at least $7,000 in wages or salary per year. After the first year of the initial employee increase, an additional credit may be earned for up to four more years. Eligibility is determined each year by the taxpayer on its annual tax return.

The credit is computed on a year-by-year basis. Therefore, a company that had qualified in one year for the credit based on new employees hired, but experiences a reduction in employment the next year, would still qualify for a partial credit, unless employment fell below the employment level for the year prior to the first year the credit was allowable. If, in later years, additional qualifying employees were added, a new base employment level would be calculated, and the new series of credits could be taken for the number of employees above that base level of employment.

The number of jobs may fluctuate if the credit is based on investment. However, a loss in number of jobs must not be attributable to the new investment.

A. 2008 Legislative Update – New Law Provides Tax Credits

The legislation extends tax credits of $12,500 a year per qualified employee for up to five years to engineers who are hired after January 1, 2009. The aerospace companies hiring the engineers will receive a tax credit equal to 10% of the compensation paid to an engineer during the first five years of his or her employment if the engineer graduated from an Oklahoma college. If the engineer graduated from a college outside Oklahoma, the aerospace employer will get a tax credit equal to 5% of the compensation paid to the employee during the first five years up to the maximum credit.

In addition, the new law grants Oklahoma aerospace companies a tax credit in the amount of 50% of the tuition reimbursed to a new engineer graduate for the first four years of his or her employment. The tax credit is limited to 50% of the average annual tuition paid by an engineer at a qualified program at a public university in Oklahoma.

Tax Incentive Areas

- Excluded Areas
- Included Areas
- Oklahoma Counties

2. Source: Map recreated by the Research and Economic Analysis Division of the Oklahoma Department of Commerce on May 20, 2009 based on geographic descriptions posted on the web site of the Internal Revenue Service of the US Department of The Treasury, http://www.irs.gov/newsroom/article/0,,id=99491,00.html, Jan 3, 2008, using ESRI digital boundary files.

Disclaimer: This map only outlines approximate geographic boundaries of Former Indian Lands in Oklahoma. It may be used for general reference only. Please refer to the source cited in reference or contact Oklahoma Department of Commerce for detailed boundary information of Former Indian Lands.

Note: Federal tax incentives associated the Former Indian Lands are expected to expire on December 31, 2009.

3. Tax Incentives on Former Indian Reservation Lands

(26 I.R.C. §§ 45A, 168 (j)) (68 O.S. § 2358 [17])

For more information, contact the Oklahoma Department of Commerce at (405) 815-5269 or richard_schwalbach@odoc.state.ok.us. For forms, contact the IRS at (800) TAX-1040 or visit www.irs.gov.

Downloads:
American Indian Land Tax Credits
Frequently Asked Questions
Indian Employment Credit Form

Congress clarified the Internal Revenue Code in 1997 to verify that former Indian Reservation Lands comprise over two-thirds of Oklahoma. Businesses locating or expanding in these areas benefit by accelerated depreciation of investment or by employment tax credits when employing tribal members or their spouses. The taxpayer must be in an active trade or business on the former Indian lands.

The depreciation schedule of the investment is for a shorter recovery period of approximately 40% for nonresidential property. Use of the accelerated depreciation schedule also requires that the depreciable property be placed in service during years 1994 through 2009.

The tax credit is 20% of increased wages over those paid to qualified individuals in 1993, including health insurance premiums paid by the employer. Wages of individuals eligible for the employment tax credit may not exceed $30,000 indexed after 1993, and the credit is applicable to new wages of up to $20,000 for years 1994 through 2009. The indexed wage level for 2009 is $40,000. IRS Form 8845 is used for computing and claiming the credit. Indian Employment Credit Form from the IRS

Example:

Company A has a qualified employee to whom the store pays $15,000 in total wages and health insurance in 1993. In 2009, the company pays the same person $35,000.
The credit is computed as follows:

2009 Wage/Health Insurance (maximum allowed by Federal Government) $20,000	
1993 Wage/Health Insurance	$15,000
(Increase)	$ 5,000
Rate of Credit	x 20%
Indian Employment Credit	$ 1,000

Earnings Caps for 2009 and previous years:

- 2000 - $30,000
- 2001 - $30,000
- 2002 - $30,000
- 2003 - $30,000
- 2004 - $30,000
- 2005 - $30,000
- 2006 - $30,000
- 2007 - $30,000
- 2008 - $40,000
- 2009 - $40,000

4. Tax Credit for Provision of Childcare
(68 O.S. § 2357.26)

For more information, contact the Oklahoma Tax Commission at (405) 521-3133 or helpmaster@oktax.state.ok.us. For forms, visit www.oktax.state.ok.us.

Downloads:
Download the Oklahoma Other Credits Form – 511CR

Beginning in 2002, employers who make provisions for childcare on behalf of their employee's dependents may take a credit against eligible expenses. Employers providing the cost of care to an employee's dependent, employers creating and maintaining an on-site daycare center, or employers supporting a childcare referral system may claim a credit for expenses equal to 20% of specified maximums.

Employers generating a credit, but not able to use it in a given year, may carry the credit forward for four consecutive years.

5. Recycling, Reuse and Source Reduction Incentive Act
(2 7 A O.S. §§ 2-11-301 et seq.)

For more information, contact the Department of Environmental Quality (DEQ) at (800) 869-1400 or (405) 702-9128. For forms, visit www.deq.state.ok.us/CSDnew/p2.htm.

Downloads:
Download the Oklahoma Other Credits Form – 511CR

Manufacturing and service industries may receive an income tax credit of up to 20% of investment costs for purchase and installation of equipment used to recycle, reuse or reduce hazardous waste at the source of generation. Credits are limited to $50,000. Companies must apply to the Department of Environmental Quality (DEQ) which, after approval, certifies an amount of net investment cost to the Oklahoma Tax Commission. The credit must be taken on the income tax return within three years of actual use of the equipment.

6. Gas Usage Tax Credit for Manufacturing
(68 0. S. § 2357 [C])

For more information, contact the Oklahoma Tax Commission at (405) 521-3133 or helpmaster@oktax.state.ok.us. For forms, visit www.oktax.state.ok.us.

Downloads:
Download the Oklahoma Other Credits Form – 511CR

Operators of manufacturing establishments in Oklahoma are allowed a tax credit proportionate to the amount of gas used or consumed in Oklahoma in manufacturing operations, at a rate of 3 mills per 1,000 cubic feet of gas during each taxable year (not applying to the first 25,000 MCF).

7. Ethanol Facilities Credit
(68 O.S. 2357.66)

For more information, contact the Oklahoma Tax Commission at (405) 521-3133 or helplmaster@oktax.state.ok.us. For forms, visit www.oktax.state.ok.us.

Downloads:
Download the Oklahoma Other Credits Form – 511CR

Owners of an ethanol facility producing at the rate of 25% or more of its nameplate design capacity before 2008 may receive income tax credits for up to five years of twenty cents ($0.20) per gallon of production. An additional twenty cents ($0.20) per gallon may be earned for production at full capacity of new or expanded facilities. In 2011, the credit is reduced to 7 ½ cents ($0.075) per gallon for new production only.

8. Insurance Premium Tax Credit
(36 0. S. § 625. 1)

For more information, contact Dwight DeJear at the Oklahoma Insurance Department at (405) 522-0891.

Insurance companies that locate or expand regional home offices in Oklahoma and maintain an employee level above 200 are eligible for special tax credits against the tax imposed in the Insurance Code. Annual credits range from 15% to 50% based on the numbers of full time, year-round employees. This credit is not available to participants in the Quality Jobs Program.

9. Small Business Administration (SBA) Guarantee Fee Tax Credit
(68 0.S. §§ 2370 and 2370- 1)

For more information, contact the Oklahoma Tax Commission at (405) 521-3133 or helpmaster@oktax.state.ok.us. For forms, visit www.oktax.state.ok.us.

Downloads:
Download the Oklahoma Other Credits Form – 511CR

State banking association, national banking association, and credit unions organized under Oklahoma law are eligible for a credit against the tax imposed by Section 2370 for the amount of guarantee fees paid to the SBA. Unused credits may be carried forward 5 years.

10. Alternative Energy Sources Tax Credits
(68 O.S. § 2357.32A and B)

For more information, contact the Oklahoma Tax Commission at (405) 521-3133 or helpmaster@oktax.state.ok.us. For forms, visit www.oktax.state.ok.us.

Downloads:
Download the Oklahoma Other Credits Form – 511CR
Oklahoma encourages alternative, zero-emission fuel production by providing tax credits to producers of electricity utilizing such sources and to small wind turbine manufacturers.

Producers may receive 75 one-hundredths of one cent per kilowatt-hour, and the credit gradually decreases until it ceases in 2012. Credits may be earned for 10 years once production begins, and earned credits may be carried forward 10 years. Non-taxable electric producers may transfer the credits.

Small wind turbine manufacturers may earn a credit of $25 per square foot of rotor swept area starting in 2003. The credit ceases at the end of 2012. The credits are freely transferable and may be carried forward 10 years. A good list of incentives can be found on this website: http://www.afdc.energy.gov/afdc/

11. Clean Burning Fuel Vehicle Credit
(O.S. § 68-2357.22)

Prior to January 1, 2010, Oklahoma provides a one-time income tax credit for 50% of the cost of converting a vehicle to operate on an alternative fuel, or for 50% of the incremental cost of purchasing a new clean burning fuel vehicle. The state also provides a tax credit for 10% of the total vehicle cost, up to $1,500 if the incremental cost of a new vehicle cannot be determined, or when the vehicle is resold, as long as a tax credit has not been previously taken on the vehicle. The alternative fuels eligible for the credit include compressed natural gas (CNG), liquefied natural gas (LNG), liquefied petroleum gas (LPG), methanol, and electricity. This tax credit extends to low-speed electric vehicles as defined by NHTSA in 49 C.F.R. 571.500, to forklifts and other similar self-propelled vehicles, and to qualified electric and hybrid electric vehicles. For qualified electric vehicle property propelled by electricity only, the basis for the credit is the full purchase price of the vehicle. For vehicles also equipped with an internal combustion engine, the basis for the credit is limited to the portion of such motor vehicle which is attributable to the propulsion of the vehicle by electricity.

12. Clean Burning Fuel Vehicle Infrastructure Credit
(O.S. § 68-2357.22)

The state provides a tax credit for up to 50% of the cost of installing refueling infrastructure for clean burning fuel vehicles. These tax credits may be carried forward for up to three years. The alternative fuels eligible for the credit include compressed natural gas (CNG), liquefied natural gas (LNG), liquefied petroleum gas (LPG), methanol, and electricity.

13. Biodiesel Production Facility Tax Credit
(O.S. § 68-2357.67)

For tax years beginning after December 31, 2004, and before January 1, 2012, a biodiesel (B100) production facility shall be allowed a credit of $0.20 per gallon of biodiesel produced. Any biodiesel facility producing at least 25% of its nameplate design capacity for at least 6 months after the first month for which it is eligible to receive the credit, on or before December 31, 2007, is eligible. The credit shall be allowed for 60 months beginning with the first month for which the facility is eligible to receive the credit and ending not later than December 31, 2011. Eligible facilities can also receive a credit of $0.20 per gallon for biodiesel produced in excess of the original nameplate design capacity which results from expansion of the facility completed on or after the effective date of this act and before December 31, 2007. Beginning January 1, 2012, a biodiesel facility shall receive a credit of $0.075 per gallon of biodiesel, for new production for a period not to exceed 36 consecutive months. Additional restrictions apply.

14. Ethanol Fuel Retailer Tax Credit
(HB 1556, 2005 & O.S. § 68-500.10-1)

Beginning January 1, 2006 retailers of ethanol-blended fuel (a blend of gasoline and ethyl alcohol consisting of not more than 15% ethyl alcohol by volume) may claim a motor fuel tax credit of $0.016 for each gallon of ethanol fuel sold in Oklahoma if the retailer provides a price reduction to the purchaser of the ethanol fuel in the same amount. This incentive is effective unless the federal government mandates the use of reformulated fuel in an area within the state of Oklahoma that is in non-attainment with the National Ambient Air Quality Standards.

B. For Investors

1. Technology Transfer Income Tax Exemption
(68 O.S. § 2358 [C])

For more information, contact the Oklahoma Tax Commission at (405) 521-3133 or helpmaster@oktax.state.ok.us. For forms, visit www.oktax.state.ok.us.

The taxable income of any corporation is decreased for transfers of technology to qualified small businesses located in Oklahoma. The corporation transferring the technology is allowed an exemption from taxable income in the amount of the royalty payment received as a result of such transfer, provided that the exempted amount shall not exceed 10% of the amount of gross proceeds received by such corporation as a result of the technology transfer. "Gross proceeds" is defined as the total amount of consideration for the transfer, whether it is money or otherwise. This benefit lasts for 10 years from the date of the receipt of the first royalty payment accruing from such transfer.

2. Incubator Site Tenant Tax Exemption
(74 O.S. § 5078)

For more information, contact the Oklahoma Department of Commerce at (405) 815-5143 or rana_steeds@odoc.state.ok.us.

Downloads:
Download the Oklahoma Other Credits Form – 511CR

A business incubator site is a facility in which small businesses may rent space, and where management provides business development services such as financial consulting and marketing assistance. Sponsors of an incubator may be exempt from Oklahoma income taxes on income earned from rental fees, other income derived from services provided to the tenants, or for providing funding for an incubator site. This exemption is for 10 years from the date of the tenant's occupancy within an incubator. A sponsor must be a certified incubator with the Oklahoma Department of Commerce.

The tenant of a certified incubator, or its owner, is exempt from state tax liability on income earned as a result of activities conducted as an occupant in an incubator for up to 10 years from the occupancy date in an incubator site in accordance with rules of the Oklahoma Tax Commission. The exemption remains in effect after the date the tenant is no longer an occupant in an incubator, but not to exceed a total of 10 years. In order to qualify for the income tax exemption for the 6th through 10th year, the tenant must make at least 75% of its gross sales to buyers located outside the state or to the federal government.

3. Income Tax Credit for Investment in Oklahoma Producer-Owned Agriculture Processing
(68 O.S. § 2357.25)

For more information, contact the Oklahoma Tax Commission at (405) 521-3133 or helpmaster@oktax.state.ok.us. For forms, visit www.oktax.state.ok.us.

Downloads:
Information Return Agricultural Exclusion - Form 528

An income tax credit of up to 30% of investment is available to Oklahoma agricultural producer investors in Oklahoma producer-owned agricultural processing ventures, cooperatives or marketing associations, including dairies and natural resource based recreational activities. Qualified facilities may be processing plants, marketing associations, or investment firms. The facility must do more than store, clean, or transport agricultural commodities.
The credit percentage is adjusted so the estimate of total credits taken by all investors does not exceed $2,000,000 annually beginning in 2006. This exemption must be claimed prior to January 1, 2010. The tax credit is not available in any year in which the investor has received any payments pursuant to the Quality Jobs Program Act or the Saving Quality Jobs Act. The credits are taken on the annual income tax return and may be used over a six-year period.

4. Rural Small Business Capital Formation Tax Credit
(68 O.S. §§ 2357.73 et seq.)

For more information, contact the Oklahoma Tax Commission at (405) 521-3133 or helpmaster@oktax.state.ok.us. For forms, visit www.oktax.state.ok.us.

Downloads:
Rural Small Business Capital Company Info Report - 526
Rural Small Business Capital Company for Investors – 526A
Download the Oklahoma Other Credits Form – 511CR

The act authorizes an income tax credit of 30% of equity or near-equity (e.g. warrants or convertible subordinated debt) investment in an Oklahoma small business venture, either through a qualified rural small business capital company, or by an angel investor in conjunction with investment made by a qualified Oklahoma rural small business capital company. The credits are available for taxable years beginning after December 31, 2000, and before January 1, 2012. There are limitations on the amounts of investments to which the credits will apply. The credits are allowed when the investment funds are actually invested in a qualified company. The credit may be carried forward 10 years.

5. Small Business Capital Formation Tax Credit
(68 O.S. § 2357.63)

For more information, contact the Oklahoma Tax Commission at (405) 521-3133 or helpmaster@oktax.state.ok.us. For forms, visit www.oktax.state.ok.us.

Downloads:
Rural Small Business Capital Company Info Report - 526
Small Business Capital Company Info Report - Form 527
Small Business Capital Company for Investors Form 527A
Download the Oklahoma Other Credits Form – 511CR
The act authorizes an income tax credit of 20% of equity or near-equity (e.g. warrants or convertible subordinated debt) investment for investors in qualified businesses, either by a qualified small business capital company, or by an angel investor in conjunction with investment by a qualified small business capital company. There are limitations on the amounts of investment to which the credits apply. The credit is allowed when the investment funds are actually invested in an Oklahoma small business venture. Earned credit may be taken annually for up to 10 years.

6. Tax Credit for Banks Participating in the Oklahoma Rural Economic Development Loan Program
(68 O.S. § 2370 E)

For more information, contact the Oklahoma Tax Commission at (405) 521-3133 or helplmaster@oktax.state.ok.us. For forms, visit www.oktax.state.ok.us.

Downloads:
Download the Oklahoma Other Credits Form – 511CR

Banks receive a credit of 5% of new annual payroll created in a loan made to a qualified business pursuant to the Rural Economic Development Loan Program. The credit accumulates until credits equal the amount of taxable income to the bank as a result of the program. Credits may be carried forward 5 years.

7. Income Tax Exemption for Interest Paid on Bonds Issued by or on Behalf of Public Agencies

(68 O.S. § 2358.5)

For more information, contact the Oklahoma Tax Commission at (405) 521-3133 or helpmaster@oktax.state.ok.us. For forms, visit www.oktax.state.ok.us.

Interest payments received as a result of obligations issued by cities, counties, Oklahoma educational institutions, or public trusts on behalf of towns, cities, counties, or Oklahoma educational institutions are not subject to Oklahoma income tax, unless such obligations are issued on behalf of nonprofit corporations.

Generally, interest payments on bonds issued by the Department of Transportation are also state income tax exempt.

8. Commercial Space Industry Credit

(68 O.S. § 2357.13)

For more information, contact the Oklahoma Tax Commission at (405) 521-3133 or helpmaster@oktax.state.ok.us. For forms, visit www.oktax.state.ok.us.

Downloads:
Download the Oklahoma Other Credits Form – 511CR

Investors may take a credit of 5% of investment in qualifying projects that encourage the development of commercial space industries as certified by the Oklahoma Tax Commission. One hundred new jobs must be created and at least $25 million dollars invested. The credit can be carried forward for 4 years.

9. Historic Rehabilitation Tax Credit

(68 O.S. § 2357.41)

For more information, contact the Oklahoma Tax Commission at (405) 521-3133 or helpmaster@oktax.state.ok.us. For forms, visit www.oktax.state.ok.us.

Downloads:
Download the Oklahoma Other Credits Form – 511CR

Oklahoma has freely transferable tax credits for investment in any certified historic building in an increment district created pursuant to the Local Development Act. The state credit equals

the federal rehabilitation credit allowed on such historic properties. The credits may be sold during the first five years after qualifying and may be carried forward a total of 10 years.

10. Venture Capital Tax Credit
(68 O.S. § 2357.7)

For more information, contact the Oklahoma Tax Commission at (405) 521-3133 or helplmaster@oktax.state.ok.us. For forms, visit www.oktax.state.ok.us.

Downloads:
Download the Oklahoma Other Credits Form – 511CR

Investment in qualified venture capital companies creates a transferable income tax credit or premium tax credit. Venture Capital companies must be capitalized at a minimum of $5 million and invest at least 55% of those dollars in qualified Oklahoma companies over a ten year period. The credit equals 20% of the cash invested.

C. For Entrepreneurs

1. New Products Development Income Tax Exemption
(74 O.S. § 5064.7)

For more information, contact the Oklahoma Center for the Advancement of Science and Technology (OCAST) at (405) 319-8412 or jvinson@ocast.state.ok.us. The Oklahoma Tax Commission will determine the eligibility of the taxpayer for any Oklahoma tax credits or exemptions. Filing this document with OCAST does not guarantee receipt of any tax credit or exemption. All other qualifications must be met as determined by the Oklahoma Tax Commission. For eligibility requirements, contact (800) 522-8165.

Royalties earned by an inventor on products developed and manufactured in Oklahoma are exempt from state income tax for seven years when registered with the Oklahoma Center for the Advancement of Science and Technology (OCAST). OCAST, through the Oklahoma Inventors Assistance Service, provides seminars regarding patent searches, market analysis, product research and development.

An in-state manufacturer of a product developed in Oklahoma may exclude from taxable income 65% of the cost of depreciable property (including machinery, fixtures, equipment, buildings or substantial improvement of the building) purchased and used directly in manufacturing the product. The product must be patented or patent pending. The maximum exclusion is $500,000. If the credit is not fully used in the year the depreciable property is placed in service, it may be carried forward four years.

2. Incubator Site Tenant Tax Exemption
(74 O.S. § 5078)

For more information, contact the Oklahoma Department of Commerce at (405) 815-5143 or rana_steeds@odoc.state.ok.us.

Downloads:
Download the Oklahoma Other Credits Form – 511CR

A business incubator site is a facility in which small businesses may rent space, and where management provides business development services such as financial consulting and marketing assistance. Sponsors of an incubator may be exempt from Oklahoma income taxes on income earned from rental fees, other income derived from services provided to the tenants, or for providing funding for an incubator site. This exemption is for 10 years from the date of the tenant's occupancy within an incubator. A sponsor must be a certified incubator with the Oklahoma Department of Commerce.

The tenant of a certified incubator, or its owner, is exempt from state tax liability on income earned as a result of activities conducted as an occupant in an incubator for up to 10 years from the occupancy date in an incubator site in accordance with rules of the Oklahoma Tax Commission. The exemption remains in effect after the date the tenant is no longer an occupant in an incubator, but not to exceed a total of 10 years. In order to qualify for the income tax exemption for the 6th through 10th year, the tenant must make at least 75% of its gross sales to buyers located outside the state or to the federal government.

D. Worker Related

1. The Work Opportunity Tax Credit Program (WOTC)

For more information and employee certifications, contact the Oklahoma Employment Security Commission at (405) 557-5371 or jeanne.pectol@oesc.state.ok.us. For forms, visit www.irs.gov.

Downloads:
Work Opportunity Prescreening Instructions for 8850
Work Opportunity Prescreening and Certification -- 8850
Individual Characteristics Form ETA 9061

The Work Opportunity Tax Credit Program (WOTC) was designed to promote the hiring of target group individuals. The tax credit for WOTC is up to $2,400 for each new hire: 40% of qualified first-year wages for those employed 400 hours or more, 25% for those employed at least 120 hours. Qualified wages are capped at $6,000, Summer Youth wages are capped at $3,000, Long Term Family Assistance Recipients are capped at $10,000, and Disabled Veterans are capped at $12,000. Congress has authorized the WOTC program until August 31, 2011.

The tax credit is as much as $1,200 for each Summer Youth hire, $2,400 for each new adult hire, $4,800 for each new disabled Veteran hire, and $9,000 for each new long-term family assistance recipient hire.

2. Federal Empowerment Zone Incentives

For more, contact the City of Oklahoma City at (405) 297-3838 or robbie.kienzle@okc.gov, the Greater Oklahoma City Chamber of Commerce at (405) 297-8956, or mogan@okcchamber.com.

Certain areas within Oklahoma City have been deemed to be an Empowerment Zone. Enhanced WOTC and WTW credits are applicable within the Empowerment Zone. In addition, tax credits of up to $3,000 annually per new or existing employee that lives and works in the Empowerment Zone are available to businesses within the Empowerment Zone. Qualifying salary amounts are an offset when taking more than one of these credits. See IRS form 8844. Exclusions from taxable income are increased for business costs on machinery and equipment acquired after 2001.

Additionally, capital gains on original issue stock, business interests, and property purchased after 2000 and held for more than one year in an Empowerment Zone business, are excluded from income if placed in another Empowerment Zone business within 60 days. Those who hold stock in an Empowerment Zone business for five years or more may exclude 60 percent of income from the sale of such stock from federal taxable income until 2014. State income tax is lowered as a result of these benefits, also.

Empowerment Zone businesses must have at least 35% Empowerment Zone residents as employees to qualify. Empowerment Zone Facility Bonds are also available to such businesses and are more fully discussed in the Financing Assistance section of this guide.

Empowerment Zone incentives expire 12/31/2009.

III. Sales Tax Exemptions and Refunds

A. Exemptions

1. Manufacturers
(68 O.S. §§ 1359, 1359.2 and 1364)

For more information and certification, contact the Oklahoma Tax Commission at (405) 521-3133 or otcmaster@tax.ok.gov. For forms, visit www.oktax.state.ok.us.

Oklahoma has a comprehensive sales tax exemption for manufacturers who obtain a Manufacturer's Sales Tax Exemption Permit from the Oklahoma Tax Commission. The permit must be renewed every three years. This permit must be presented to the vendor, and a claim for exemption made at or before the time of purchase, to relieve the vendor of the liability for collecting sales tax. The exemptions cover purchases of machinery and equipment, energy, and tangible personal property used in design, development, and manufacturing.

Sales to a manufacturer of exempt property must be used in the manufacturing operation at a manufacturing site. The exemption is not extended to purchases for administration, sales, distribution, transportation, site construction or site maintenance.

2. Computer Services and Data Processing
(68 O.S. § 1357 [21])

For more information about filing the required affidavit and certification, contact the Oklahoma Tax Commission at (405) 521-3133 or otcmaster@tax.ok.gov. For forms, visit www.oktax.state.ok.us.

Oklahoma recognizes the importance of companies engaged in computer services or data processing activities by offering exemptions from sales tax on certain items as follows:

Machinery and equipment used by companies primarily engaged in activities described in SIC Code Industrial Group Numbers 51121, 336411 and 541512 that derive at least 50% of their revenues from out-of-state purchasers or companies primarily engaged in activities described in SIC Code Industrial Group Number 518210 and derive at least 80% of revenues from out-of-state purchasers.

Presentation to vendors of a letter of exemption avoids payment of sales tax at the time of purchase.

3. Sales at Aircraft Maintenance Facilities
(68 O.S. § 1357 [20])

For more information and certification, contact the Oklahoma Tax Commission at (405) 521-3133 or otcmaster@tax.ok.gov. For forms, visit http://www.oktax.state.ok.us/.

Sales of aircraft and aircraft parts provided the sales occur at aircraft maintenance facilities operated by an air common carrier that employs at least 2,000 full-time employees are exempt from sales tax. The aircraft maintenance facility activity must be primarily related to the fabrication, repair, alteration, modification, refurbishing, maintenance, and building or rebuilding of commercial aircraft or aircraft parts used in air common carriage.

4. Aircraft Repairs and Modifications
(68 O.S. § 1357 [28])

Sales of aircraft engine repairs, modification, and replacement parts, sales of aircraft frame repairs and modification, aircraft interior modification and paint, and sales of services employed in the repair, modification, and replacement of parts of aircraft engines, aircraft frame, and interior repair and modification, and paint are also exempt from sales tax.

5. Aerospace Industry Credit
(68 O.S. § 2357.202)

For taxable years beginning after December 31, 2005 and ending not later than December 31, 2008, there is allowed a refundable credit equal to 15% of "qualified expenditures", "qualified wages", or "qualified training expenses" incurred by a qualified business enterprise who is engaged in the manufacture of wing components for large commercial aircraft and other aerospace structures and components for commercial and government aerospace products. The total credits claimed during the fiscal year ending June 30, 2007, fiscal year ending June 30, 2008, or fiscal year ending June 30, 2009 cannot exceed $150,000 each year.

6. Aircraft Maintenance or Manufacturing Facility
(68 O.S. § 1357 [16])

For more information about filing, the required affidavit and certification, contact the Oklahoma Tax Commission at (405) 521-3133 or otcmaster@tax.ok.gov. For forms, visit www.oktax.state.ok.us.

Oklahoma offers a sales tax refund for sales of computers, data processing equipment, and related telecommunications equipment for use in an aircraft maintenance or manufacturing facility that:

- Is new or expanding.
- Is primarily engaged in aircraft repair, building, or rebuilding.
- Has a total cost of construction exceeding $5 million.
- Employs at least 250 new full time employees upon completion.
- Pays at least $2 million for computer services/data processing equipment.

7. Aerospace Industry Engineer Workforce Credit
(68 O.S. Sections 2357.301, 2357.302, 2357.303, 2357.304)

Engineers hired after Jan. 1, 2009 by an Oklahoma aerospace company will receive a tax credit of up to $12,500 per employee per year for a period of time not to exceed five years. The aerospace companies that hire those engineers will also get a tax credit equal to 10 percent of the compensation paid to an engineer during the first five years of his or her employment if the engineer graduated from an Oklahoma college or 5 percent if the employee graduated from a college outside Oklahoma up to the maximum credit. In addition, Oklahoma aerospace companies receive a tax credit in the amount of 50 percent of the tuition reimbursed to a new engineer graduate for the first four years of his or her employment. This tax credit is limited to 50 percent of the average annual tuition paid by an engineer in a qualified program at a public university in Oklahoma.

8. Excise Tax on Aircraft Sales
(68 O.S. § 6001)

Generally, excise tax in lieu of sales tax is imposed on the sale, transfer, or lease of aircraft that will be based in Oklahoma.

For more information and certification, contact the Oklahoma Aeronautics Commission at (405) 604-6900. Sales of aircraft to commercial airlines are free of the excise sales charge.

9. Telecommunications
(68 O.S. §§ 1354 and 1357 [18] [26])

For more information and certification, contact the Oklahoma Tax Commission at (405) 521-3133 or otcmaster@tax.ok.gov. For forms, visit www.oktax.state.ok.us.

Sales tax exemptions apply to Interstate 1-800, WATS and interstate private-line business telecommunication services, and to cell phones sold to a vendor who transfers the equipment as part of an inducement to a consumer to contract for wireless telecommunications.

10. Spaceport
(68 O.S. § 1356) [32 - 37]

For more information and certification, contact the Oklahoma Tax Commission at (405) 521-3133 or otcmaster@tax.ok.gov. For forms, visit www.oktax.state.ok.us.

Sales of any tangible property to a spaceport user as determined by the Oklahoma Space Industry Development Authority are exempt from sales tax. Launch vehicles, satellites and such related attached or used property may also be purchased free from sales and use tax.

11. Oklahoma Research and Development Incentives Act
(O.S. 68, Chapter 2, §§ 54006)

A. For taxable years beginning after December 31, 1992, and before January 1, 2003, and for taxable years beginning after December 31, 2005, there shall be allowed a credit against the tax imposed by Section 2355 of this title for a net increase in the number of full-time-equivalent employees engaged in computer services, data processing or research and development as defined in Section 54003 of this title, in this state including employees engaged in support services.

B. The credit provided for in subsection A of this section shall be allowed in each of the four (4) subsequent years only if the level of new employees is maintained in the subsequent year; provided, such credit shall be allowed in each of the eight (8) subsequent years only if the level of new employees is maintained in the subsequent year and if the credit is taken for taxable years beginning after December 31, 2005. In calculating the credit by the number of new employees, only those employees whose paid wages or salary were at least Thirty-five Thousand Dollars ($35,000.00) during each year the credit is claimed shall be included in the calculation. The number of new employees shall be determined by comparing the monthly average number of full-time employees subject to Oklahoma income tax withholding for the final quarter of the taxable year with the corresponding period of the prior taxable year, as substantiated by such reports as may be required by the Tax Commission.

C. For credits taken for taxable years beginning after December 31, 1992, and before January 1, 2003, in order to be eligible to receive the credit provided for in subsection A of this section, a new or expanding business shall not include the existing employee positions of any business

enterprise that is directly or beneficially owned by a corporation, trust, joint venture, proprietorship, or partnership doing business in this state as of January 1, 1992. For credits taken for taxable years beginning after December 31, 2005, in order to be eligible to receive the credit provided for in subsection A of this section, a new or expanding business shall not include the existing employee positions of any business enterprise that is directly or beneficially owned by a corporation, trust, joint venture, proprietorship, or partnership doing business in this state as of January 1, 2005.

D. The credit allowed by subsection A of this section shall be Five Hundred Dollars ($500.00) for each new employee, but not to exceed fifty new employees.

E. Any credits allowed but not used in any taxable year may be carried over in order to each of the four (4) years following the year of qualification and to the extent not used in those years in order to each of the five (5) years following the initial five-year period.

B. Refunds

Oklahoma offers sales tax refunds for qualified companies. To qualify, a company submits an Application/Intent to Qualify to the Oklahoma Tax Commission to establish an interest-bearing account. Upon receiving the application and documentation concerning the sales/use taxes to be paid by the applicant or their contractors, the Oklahoma Tax Commission will determine whether a company qualifies. If so, the Oklahoma Tax Commission will immediately set up an account to track sales taxes paid on sales as shown by the invoices submitted.

For purposes of the exemption at section 1359 (7) of Title 68 for qualified manufacturers, interest is determined according to the amount earned as invested by the State Treasurer's Office. For the remaining refunds at Sections 1357(17) and 54003 of Title 68, interest accrues at the rate of a 3-month Treasury bill from the date invoiced items are approved.

Sales taxes paid on construction materials incorporated in certain new manufacturing facilities by the manufacturer or by a contractor or subcontractor on behalf of a qualified manufacturer are refundable.

Sales taxes paid for machinery and equipment by certain service businesses (computer services, R & D, and aircraft repair) are refundable.

Invoices of each vendor that distinguish the state and local sales taxes paid must be submitted with claims.
Affidavits from vendors or contractors that the sales taxes were charged, paid, and have not been refunded by the vendor must be submitted with claims.

Eligible applicants must file for a refund within 36 months of the date of purchase. The Oklahoma Tax Commission requires certification from the Oklahoma Employment Security Commission regarding the number of jobs.
Note: Participation in the Quality Jobs Program or other incentive payment programs precludes participation in these refunds.

1. Computer Services / Data Processing / Telecommunications Equipment
(68 O.S. § 54003)

For more information, contact the Oklahoma Tax Commission at (405) 521-3133 or otcmaster@tax.ok.gov. For forms, visit www.oktax.state.ok.us.

Oklahoma offers a sales tax refund on the purchase of computers, data processing equipment, related peripherals, telegraph or telecommunications services and equipment.

- Applies to NAICS Codes 51121, 336411, 541512, 518210 and 518111 (Computer services and data processing) and 541712, 541720, 541712 and 541380 (Research and Development).
- New or expanding businesses.
- Addition of 10 new full-time employees that have an average salary of $35,000.
- These new employees must be employed for at least 36 months.
- 50% of annual gross revenues must result from sales to out-of-state buyers but may include the federal government.
- 75% of annual gross income results from computer services, data processing activities, or research and development activities.
- If the company is in SIC Code Industrial Group Number 518210, it must also purchase $100,000 worth of exempt items.

Note: This refund is not as favorable to computer services and data processing companies as the sales tax exemption found at 68 0.S. § 1357 (21).

2. Construction Materials
(68 O.S. § 1359 [7])

For more information, contact the Oklahoma Tax Commission at (405) 521-3133 or otcmaster@tax.ok.gov. For forms, visit www.oktax.state.ok.us.

Oklahoma refunds sales taxes paid on construction materials for certain new or expanding manufacturing facilities including:

- Facilities with construction costs exceeding $5 million that create 100 new manufacturing jobs and are maintained for a minimum of 36 months. Construction costs include building and construction costs, and engineering and architectural fees, but not legal fees.
- Facilities with construction costs exceeding $10 million, and with combined total costs of material, construction, and machinery exceeding $50 million, which add 75 new employees who are retained for 36 months.
- Facilities with construction costs exceeding Three Hundred Million Dollars ($300,000,000) which maintain an employment level of a least 1,750 full time equivalent employees.
- Qualified new or expanding aircraft maintenance and overhaul facilities that create 250 or more jobs, with construction costs totaling at least $5 million. [68 O.S. 1357(17)].

These construction exemptions are unique not only because they are refunds, but also because they allow contractors or subcontractors that have previously entered into a written contractual relationship with the manufacturer, or a qualified aircraft maintenance facility operator, to make refundable purchases on behalf of manufacturers. The manufacturer may use invoices made out in the contractors' names for proof when applying for sales tax refunds. Generally, refundable purchases do not include machinery and equipment. Warehousing/Distribution for manufacturers, structures, or land used for packaging, re-packaging, labeling, or assembly for distributing products that are at least 70% made in Oklahoma, but at an off-site, in-state manufacturing facility or facilities are also deemed manufacturing facilities for purposes of these sales tax refunds.

IV. Transportation and Distribution Benefits

A. Industrial Access Roads

For more information, contact Mitch Surrett of the Oklahoma Department of Transportation at (405) 522-0290 or email at msurrett@odot.org.

The Industrial Access Road Program is designed to provide assistance to local industrial development efforts by funding, within practical limitations, access facilities connecting a specific industry or industrial area directly to the state or local road system. Application is through local governing bodies that in turn contact the Oklahoma Department of Transportation.

B. Foreign-Trade Zones

For more information on the Tulsa Port of Catoosa Zone, contact Bob Portiss at (918) 266-2291 or email at bob@tulsaport.com. For more information on the Greater Oklahoma City Area Zone, contact Matthew Weaver at (405) 623-5335, or email at matthew@foreigntradezone106.org. For more information on the Port of Muskogee Zone, contact Scott Robinson at (918) 682-7886 or email at scott@muskogeeport.com. For more information on the International Business Park in Durant Zone, contact Sherry Harlin at (580) 924-5094 or e-mail at sherryh@ruralenterprises.com.

Foreign-Trade Zones are a U.S. Customs Duty Management Program where manufacturers and distributors located in Foreign Trade Zones – since for Customs purposes, are considered to reside outside the U.S. -benefit from cost savings and flexibility.

Businesses engaged in international trade within these Zones benefit from special customs procedures when importing and when warehousing, manufacturing, or assembling with imported goods that remain in bond under Customs Control.

Subzones may be established for single purpose manufacturing/fabricating and distribution operations.

There are four Zones in Oklahoma: Port of Muskogee (FTZ #164) and the Tulsa Port of Catoosa (FTZ #53), which are both on the McClellan Kerr Arkansas River Navigation System, providing rail, barge, and truck transportation services from Oklahoma to ports throughout the world; the Port Authority at Will Rogers World Airport of the Greater Oklahoma City Area (FTZ #106), Oklahoma City; and the International Business Park in Durant (FTZ #227).

The Tulsa Port of Catoosa (FTZ #53) also covers four other sites: Stillwater Industrial Park, Bartlesville Industrial Park, Mid America Industrial Park at Pryor Creek, and Tulsa International Airport. It also includes two Subzones: the MerCruiser plant in Stillwater and the Arco facility in Cushing.

The Port Authority of Greater Oklahoma City is the governing Board for Oklahoma's largest Foreign-Trade Zone (FTZ #106) and has responsibility for a 90-minute radius service area in central Oklahoma. The Zone has expanded dramatically beyond its original locations, which were Will Rogers World Airport and Biagi Bros.Warehouse.

Additions to the General Purpose Zone have included a total of eleven sites in the Oklahoma City Area, with more coming online. Current designated sites include:

- Mid America Business Park I and II;
- Western Heights Properties' Industrial Park;
- Will Rogers World Airport;
- Kelley Avenue International Trade Center in Edmond, Oklahoma;
- ICON Center in Ada, Oklahoma;
- Guthrie /Edmond Regional Airport (GeoPort) in Guthrie, Oklahoma

The Oklahoma City Zone has sponsored several Subzones for specific manufacturers: General Motors Plant in Midwest City; VAC Corp.; Xerox Corporation; Imation Enterprise Corp. in Weatherford; and the Conoco Refinery in Ponca City. The Muskogee City/County Port Authority is FTZ 164. This zone site covers the Port of Muskogee. In addition to several on-site industrial facilities, the Port provides barge, rail, and truck services to the one million square foot Dal-Tile plant that receives several thousand tons of raw materials by water annually. The Port is currently constructing the largest state-of-the-art marina on the McClellan-Kerr providing in part, docking facilities for both domestic and international vessels.

FTZ 227 is located in the 320-acre International Business Park in Durant. It serves several counties in southern and southeastern Oklahoma. The zone is located adjacent to US Hwy 69/75 and is one hour from the Dallas/Ft. Worth metroplex, eight hours from Laredo, Texas, and five hours from San Antonio and Houston, Texas. Interstate Hwy 35, the primary trunk of the NAFTA Superhighway System, lies just 45 miles west of the zone. FTZ 227 also covers two other sites located in Ardmore: the Ardmore Industrial Park and the Westport Industrial Complex. The Ardmore Industrial Airpark comprised of approximately 2,790 acres and formerly the Ardmore Air Force Base, is located approximately 16 miles northeast of Ardmore. The Ardmore Industrial Airpark is zoned Heavy Industrial. The Westport Industrial Complex is comprised of 122 acres. There are two zoning classifications for the complex: Heavy Industrial and Light Industrial. FTZ 227 also includes a Subzone: the Valero Refinery in Ardmore.

Benefits to businesses located in Foreign Trade Zones include the following:

- Ability to hold most merchandise subject to quotas until the quota opens and/or the ability to bring such goods into the Foreign Trade Zone and subsequently re-export them;
- Increases flexibility with just-in-time delivery, quotas, and reduced customs delays;
- Duty elimination on:
  - Previously imported material, which is re-exported;
  - Rejected, scrapped, waste, or return-to-vendor imported material;
  - Sales of imported materials or finished products containing imported components to companies operating in other U.S. Foreign Trade Zones;
- Duty reduction by:
  - Manufacturing in the U.S. and selling domestically;
  - Utilizing pick-and-pack operations where the "set" has a lower duty rate than the individual pieces;
  - Duty-Deferral until merchandise is shipped from the zone into customs territory.

Merchandise may be held in a Foreign Trade Zone indefinitely.

C. Truck Registration Benefits

For more information and updates, contact the Oklahoma Corporation Commission, Transportation Division, IFTA at (405) 521-3246 or the IRP at (405) 521-3036.

Oklahoma's economic and demographic advantages make it an optimum location for manufacturing, warehousing, and distribution facilities, particularly for transportation-sensitive industries. Oklahoma's participation in the International Registration Plan (IRP) and the International Fuel Tax Administration (IFTA) provides interstate carriers the convenience of registering and licensing with one state, Oklahoma, and thereby attaining compliance with all 48 U.S. states, as well as 10 Canadian provinces, registration and fuel tax laws. In addition, Oklahoma's participation provides uniformity in vehicle registration and motor fuel tax for interstate motor carriers who base-license their vehicles in Oklahoma. Specific provisions in the statutes complement the IRP and IFTA and provide additional benefits for the Oklahoma-based licensed carrier.

1. Other Truck Registration Benefits:

(47 O.S. §§ 1101 et seq.)

- Permanent Trailer Registration - The permanent registration plate remains with the trailer until there is a change in ownership. No annual renewal identification device is required.
- Permanent Truck/Tractor Plates - A permanent tag is now available to a motor carrier registered under the International Registration Plan.
- Tractor Excise Tax - For truck or truck-tractor registered for a gross vehicle weight of 55,000 pounds or more, the excise tax is $10.00. The same applies to any cargo-carrying trailer.
- Reciprocity Miles - The miles traveled in states that are not members of any pro-rata agreements are no longer used in computing the Oklahoma mileage percentage factor for proportional registration.
- Property Tax - Motor vehicles and cargo-carrying trailers are not subject to any personal property tax in Oklahoma.
- Temporary Registration Authority - Temporary registration authority for vehicles to be added to an established fleet of proportionally registered vehicles is valid for 45 days.
- Electronic Registration by Data Transfer - Oklahoma now has the ability to customize a fleet registration program through its computerized, Electronic Registration Data Transfer (ERDT) system. ERDT saves time and money, eliminates errors, and provides unparalleled fleet registration services.
- Fast Forward - Oklahoma has established Fast Forward for the convenience of the motor carrier. Motor Vehicle staff provides immediate personalized assistance in providing registration and fuel permitting.

2. Benefits under IFTA:

- License and Identification - The motor fuel license and identification decal issued by Oklahoma are the only license and decal required to operate interstate vehicles in IFTA member states. The temporary fuel permit is valid for five days.
- Reporting - Only one quarterly report is filed for fuel tax liability on fuel consumption in the state for IFTA member states. Credit for over-purchase in any member IFTA state is accomplished in the one report filed with Oklahoma.
- Auditing - Generally, Oklahoma will be the only state to audit the records of an Oklahoma license-based carrier for all other IFTA and IRP jurisdictions.
- Deregulation - The Corporation Commission no longer regulates rates, routes, and services of most motor carriers.

- Member - Oklahoma is a member, as are all other states and most Canadian Provinces, in the International Registration Plan (IRP) - not an IFTA benefit. This is an IRP benefit.
- Member - International Fuel Tax Association, Inc. All states are members except Alaska and Hawaii.
- I-35 - The interstate that bisects Oklahoma is a NAFTA Corridor (North American Free Trade Agreement).

D. International Trade Processing Center

(74 O.S. § 2121 et seq.)

For more information, contact the Oklahoma Department of Commerce at (405) 815-5213 or jesse_garcia@okcommerce.gov.

Oklahoma is establishing an international trade processing center to aid Oklahoma businesses with exporting activities and to aid import feasibility. The center is positioned to be part of the NAFTA treaty effort to encourage exchange among Mexico, the US, and Canada.

V. Tourism and Film Incentives

A. Oklahoma Film Act

(68 O.S. §§ 3621-3626)

For more information, contact Jill Simpson at the Oklahoma Film & Music Office at (800) 766-3456 or by email at jill@oklahomafilm.org.

The Oklahoma Film Enhancement Rebate Act allows a rebate of up to 37% of qualified expenditures made in Oklahoma that are directly attributable to film, television production, television commercial, and theatre. Expenditures for production costs can include national advertising, wages and wardrobe, facilities, and related services. However, the film budget must be a minimum of $50,000 with a minimum of $25,000 spent in Oklahoma. The act includes a point of purchase sales tax exemption to qualified productions on sales taxes paid for property or services to be used in productions. There is no minimum budget or expenditure requirement.

B. Sales/Income Tax Credit for Tourism Attraction Projects

(68 O.S. 2357.34-40)

For more information, contact Doug Hawthorne at (405) 230-8482.

The Oklahoma Tourism Development Act provides an incentive for qualified new or expanding tourism facilities and attractions. Approved companies are issued a credit against either income tax or sales tax liability that results from expenditures for projects that attract more tourists to Oklahoma. The credit is calculated based on a percentage of the attraction's development costs. The company and the Director of the Department of Tourism and Recreation must enter into a tourism attraction development agreement with a 10-year term before any credits may be issued.

C. Income Tax Credit for Investment in an Oklahoma Film or Music Project

(68 O.S. § 2357.101)

For more information, contact Jill Simpson at the Oklahoma Film & Music office at (800) 766-3456 or by email at jill@oklahomafilm.org.

Oklahoma offers a credit against income for investors that invest in an Oklahoma film or music production. The credit amounts to 25% of the profit made by the investor provided such profit is reinvested into a subsequent Oklahoma film or music project. The credit cannot exceed Oklahoma taxpayer's liability. The credit is non-assignable and non-transferable.

D. Income Tax Credit for Construction of Oklahoma Film/Music Facilities

(68 O.S. § 2001, Amending Sections 2357.35-39)

For more information, contact Jill Simpson at the Oklahoma Film & Music office at (800) 766-3456 or by email at jill@oklahomafilm.org.

Offers companies building facilities in Oklahoma state income tax credits ranging from 10% on a minimum $350,000 film construction project and $100,000 music construction project to 25%

for projects over $1,000,000. Credit cannot exceed Oklahoma taxpayer's liability. Credit is non-assignable and non-transferable.

VI. Major Finance and Assistance Programs

A. Financing Assistance

1. Oklahoma Finance Authorities
(74 O.S. §§ 851 et seq. and 5062.1 et seq.)

For more information, contact the Oklahoma Finance Authorities at (405) 842-1145.

The Oklahoma Industrial Finance Authority (OIFA) provides permanent financing for real estate and equipment.

OFA has both tax-exempt and taxable financing available for most types of industries, including manufacturing, agricultural processing, and certain mining or recreational/tourism facilities.

Qualifying projects include construction of a new plant or existing plant expansion or replacement of all or part of the plant.

The maximum funding is $5,000,000 on fixed collateral assets for up to 15 years. Loans are fixed rate or variable and below market for tax-exempt qualified projects.

The Oklahoma Development Finance Authority (ODFA) has established a credit enhancement program to bolster the credit of revenue bonds issued by the ODFA for loans to Oklahoma business or governmental borrowers. All bonds are state tax-exempt and may be federally tax-exempt. The ODFA may also issue tax-exempt bonds to support certain exempt facilities such as transportation, infrastructure, or environmental facilities.

2. Public Trust Financing: Industrial Revenue Bonds
(60 O.S. § 176 et seq., 74 O.S. § 851 et seq., and 61 O.S. § 651 et seq.)

For more information, contact the Oklahoma Finance Authorities at (405) 842-1145 or the Oklahoma State Bond Advisor at http://www.ok-bonds.state.ok.us or (405) 602-3100.

Oklahoma authorizes public trust financing for economic development purposes at the state, county, and city level. Trusts may enter into lease-leaseback, sale-leaseback, interest rate swaps, and other similar transactions.

The powers of the public trusts to issue bonds or other financing tools are set forth in the trust documents, and therefore need to be very carefully reviewed. It is also recommended that finance professionals review the trust indentures before any funds are expended or obligations are incurred.

It is possible for a public trust to access the programs administered by the Oklahoma Finance Authorities to fund bonds. Accessibility would be determined by available funding, the trust indenture of the local public trust, and the project to be funded. An allocation from the Private Activity Bond allocation pool through the state Bond Advisor's Office is necessary if a federal income tax exemption of interest earned is allowed on private activity bonds.

3. General Obligation Limited Tax Bonds (GOLTBs)
(Art. 10, § 35, Okla. Const.)

For more information, contact the Oklahoma Department of Commerce at (405) 815-5359 or don_hackler@odoc.state.ok.us.

Many Oklahoma counties and cities have approved the issuance of General Obligation Limited Tax Bonds for industrial development projects. Generally, these "revenue bonds" are issued in association with a particular private activity project. Revenues generated by the project in the form of income are used to retire the bonds. If revenue generated by the project is inadequate to retire the bonds, then a levy will be placed on the property taxes of the jurisdiction in order to retire the bonds. The property tax levy is only used if project generated revenues are inadequate to meet interest and principal payments on the bonds. GOLTBs have been used since the early 1960s to finance a wide variety of economic development projects throughout the state. Information can be obtained from local and county Industrial Development Authorities, County Treasurers, Assessors, and/or the Oklahoma Department of Commerce.

4. Tax Increment Financing (TIF)

(62 O.S. §§ 850 et seq.)

For more information, contact the Oklahoma Department of Commerce at (405) 815-5148 or by email at jonna_kirschner@odoc.state.ok.us.

Cities and counties in Oklahoma may create tax increment districts to provide funding for economic development in distressed areas for up to 25 years. The tax increment is determined in accordance with the following: The base assessed value includes all real and personal property on the tax rolls and assessed as of January 1st of the year during which the district is designated.

Incremental tax dollars are those assessed in excess of the base on the first January 1st after the district has been declared, and continuously until the increment district ceases, less the amount attributable to change in assessment ratio for real and personal property in the county.

Proceeds from tax increment financing may be used in accordance with approved plans for project areas such as facilities, infrastructure, parks, sidewalks, and other public projects.

5. The Oklahoma Local Development and Enterprise Zone Incentive Leverage Act

Provides funding for local units of government to match locala tax revenue dedicated to support a project located in an enterprise zone or in support of a major tourism destination. At a minimum, all projects must meet the following requirements:

- Project must be located entirely within an enterprise zone, or in support of a major tourism destination which the local governmental entity determines is likely to significantly benefit contiguous or nearby enterprise census tracts;
- No more than ten percent (10%) of the net leasable space may be used for retail purposes, and no state local government matching payment shall be made for project costs in support of any gambling establishment;
- State local government payments cannot be used to supplant local revenue currently being expended within the increment district boundaries;
- Certification that all projects described within the related project plan will generate, in the aggregate, a minimum of either One Million Dollars ($1,000,000) in payroll, exclusive of payroll for construction, or Five Million Dollars ($5,000,000) in investment;

- The application must include an estimate of incremental revenues likely to be derived from the project;
- The project must include the commitment of local governmental entity; and
- The project meets the time deadlines set forth in 62 O.S. § 842 (I);
- If the project is in support of a major tourism destination, the application must meet the requirements set forth at 62 O.S. § 842 (B) (3) and (B) (4).

6. Sales Tax Financing
(68 0. S. § 1370) (68 O.S. § 2701)

For more information, contact the Oklahoma Department of Commerce at (405) 815-5148 or by email at jonna_kirschner@odoc.state.ok.us.

Oklahoma cities and counties are authorized, upon a vote of the people, to build facilities and provide other economic development benefits for businesses financed by sales tax collections. Some have pooled economic development funds from this method.

7. Empowerment Zone Facility Bonds
(26 U.S.C. § 1394 et seq.)

For more information, contact the City of Oklahoma City by email at brent.bryant@okc.gov or the Greater Oklahoma City Chamber of Commerce by email at mogan@okcchamber.com.

State and local governments can issue bonds that pay interest that is federally tax exempt to benefit empowerment zone businesses (EZ business) to finance qualified property in an Empowerment Zone within Oklahoma City. Businesses have two years to achieve compliance as an EZ business after the bonds are issued, or the assets purchased with the proceeds are placed in service. A total of $130 million is available. Qualified expenditures may include land, building, and machinery and equipment assets necessary to perform the EZ business' activities within the Empowerment Zone. Pooled issuances for several EZ businesses are permitted and may enhance feasibility of this method of financing.

An allocation from the Private Activity Bond Volume Cap is necessary for issuance of the bonds through the state Bond Advisor's Office. *(Expires 12/31/2009).*

8. Private Activity Bond Allocation
(62 0.S. §§ 695. 23 et seq.)

For more information, contact the State Bond Advisor's Office at (405) 602-3100. Visit www.ok-bonds.state.ok.us for additional details.

Private Activity Bonds that render interest payments that are federally tax-exempt, in accordance with the Internal Revenue Code, must receive an allocation from the State Bond Advisor's Office. Public Issuers in Oklahoma may issue approximately $307.5 million in Private Activity Bonds each year. The state's private activity cap allocation is divided by statute into the following pools:

- Qualified Small Issue Pool;
- Beginning Agricultural Producer Pool;
- Exempt Facility Pool;
- Student Loan Pool;
- Local Issuer Single Family Pool;

- State Issuer Pool;
- Metropolitan Area Housing Pool;
- Rural Area Housing Pool;
- Oklahoma Housing Finance Agency Pool; and
- Economic Development Pool.

On September 2nd of each year, remaining balances in all pools are combined into the Consolidated Pool. Generally, allocations are on a first-come, first-serve basis, with some size limitation.

9. Small Business Linked Deposit Program
(62 O.S. §§ 88.1A et seq.)

For more information and forms, contact the State Treasurer's Office at (405) 522-6860.

The Small Business Linked Deposit Program provides below-market interest rates for qualified small businesses and certified industrial parks through local financing sources.

Loans to businesses with less than 200 employees and gross annual sales of less than $4 million are eligible for up to $1 million. Industrial parks certified by the Oklahoma Department of Commerce are eligible for up to $6 million. Loans are for a two-year term and may be renewed for three additional terms in accordance with guidelines of the State Treasurer's office. In Enterprise Zones, loans may be for three years with a three-year renewal and a two-year renewal. In Priority Enterprise Zones, loans may be for five years with a three-year renewal.

10. Oklahoma Capital Access Program

The Oklahoma Capital Investment Board (OCIB) manages this easy-to-use economic service program that encourages additional business lending activity. It provides a "credit insurance" reserve for Oklahoma banks through a fee matching arrangement for loans enrolled in the program. It gives banks additional resources to finance economic development and community reinvestment activities.

For more information, you can visit OCIBs web page at www.OCIB.org or contact them at (405) 848-9456.

11. Oklahoma Export Finance Program

For more information, contact the Oklahoma Department of Commerce at (405) 815-5213, (800) 879-6552 ext. 5213, or jesse_garcia@okcommerce.gov.

The Oklahoma Department of Commerce works with Oklahoma firms by identifying financing options for exports. Assistance is available through a relationship with the Export-Import Bank of the United States (Ex-Im Bank) to facilitate export financing with working capital guarantees, credit insurance, and foreign buyer financing.

12. Small Business Loan Guarantees
(15 U.S.C. § 632 et seq.)

For more information, contact the U.S. Small Business Administration at 1-800-U-ASK-SBA or visit www.sba.gov.

The U.S. Small Business Administration offers numerous loan programs to assist small businesses.

Under the guaranty concept, commercial lenders make and administer the loans. The business applies to a lender for their financing. The lender decides if they will make the loan internally or if the application has some weaknesses that, in their opinion, will require an SBA guaranty. The guaranty that SBA provides the lender gives them the assurance the Government will reimburse the loan, up to a percentage, in the event the borrower defaults.

Although there are fees associated with SBA guaranteed loans, Oklahoma is one of the few states in the country that allows small business owners to claim a tax credit equal to the guaranty fee.

B. Technology Assistance

1. Technology Partnerships

(70 O.S. §§ 3206.3 et seq. and Art 10, §§ 14 and 15 of the Oklahoma Constitution)

For more information, contact the following staff at Oklahoma's universities:

- Steven C. Price, Associate V.P. for Technology Development, Oklahoma State University – Technology Transfer Office at (405) 744-6930 or by email at Steven.Price@okstate.edu.

- Colin M. FitzSimons, Associate V.P. for Technology Development, and Executive Director, Intellectual Property Management Office – University of Oklahoma, at (405) 325-3800 or by email at cfitzsimons@ou.edu.

- Allen R. Soltow, V.P. for Research, The University of Tulsa at (918) 631-2766 or by email at allen-soltow@utulsa.edu.

Extensive research in information security, laser technology, robotics, biotechnology, food production, materials modification, energy, medicine, meteorology, and aerospace at Oklahoma's universities helps Oklahoma businesses bring innovative products and services to the world marketplace. Constitutional changes and legislation enables a transfer of technologies more readily from universities to the private sector. Applied research on technologies developed by private business may be performed in partnership with research universities. Such institutions may enter into collaborative arrangements with industries that facilitate commercial development. Each university develops its own policies and processes for these activities.

2. i2E - Innovation to Enterprise

(74 O.S. §§ 5060.20 [a] [b])

For more information, contact i2E at (405) 235-2305 or twalker@i2e.org.

i2E works with Oklahoma companies, inventors, researchers, and entrepreneurs to turn technological innovations into exceptional business opportunities for Oklahoma. The organization provides, directly or by referrals, statewide access to the specialized business development services that are required to take new technologies from concept to market. They also work closely with technology development, technology transfer, and economic development professionals in both the public and private sectors to expand the technology base in Oklahoma. i2E also manages the Oklahoma Seed Capital Fund and the Technology Business Finance Program, the state's proof-of-concept-fund.

3. Basic and Applied Research and Technology Programs
(74 O.S. §§ 5060.1 et seq.)

For more information, contact OCAST at (405) 319-8400 or visit www.ocast.ok.gov. The Oklahoma Center for the Advancement of Science and Technology (OCAST) supports basic and applied research and technology programs.

The Oklahoma Health Research (OHR) program awards seed funds for one to three year basic research projects related to human health.

The Oklahoma Plant Sciences Research (OPSR) program supports basic and applied research in the field of plant sciences by allocating resources according to merit, promoting collaborations, and leveraging federal and private resources.

The R&D Intern Partnerships (RDIP) program supports internships between local industries and two and four year colleges and universities.

The Oklahoma Applied Research Support (OARS) program funds one to three year research and development projects with significant potential for commercialization. Oklahoma businesses, universities, and nonprofit foundations are eligible to compete for OARS awards.

The Oklahoma Nanotechnology Applications Project (ONAP) is designed to enable new and existing applications in nanotechnology.

Small Business Research Assistance assists Oklahoma's small for-profit companies when applying for financial award to the federal Small Business Innovation Research (SBIR) and Small Business Technology Transfer (STTR) programs.

4. Oklahoma Institute of Technology
(74 O.S. §§ 5060.3 et seq.)

For more information contact OCAST at (405) 524-1357.

The Institute participates with universities and investors to cause creation of technology businesses in Oklahoma. It has programs aimed at bringing more research funding to high technology projects.

C. Venture Capital

1. Oklahoma Capital Investment Board
(74 O.S. § 5085.1)

Contact the Oklahoma Capital Investment Board at (405) 848-9456 for further information.

Created in 1993, the Oklahoma Capital Investment Board's (OCIB) **Venture Investment Program** supports the funding of venture capital pools that meet the investment and strategic objectives of the Board. Through its venture capital program, OCIB facilitates investment in venture capital companies that focus on investing in quality Oklahoma companies.

Through fiscal year 2009 the Board has extended $43.6 million in aggregate commitments to nine funds in its new portfolio. This brings the Board's total committed amount to $69.5 million in nineteen funds. Four of the Board's recent commitments are headquartered in Oklahoma.

A. Closed Venture Investment Program commitments as of 6/30/09 include:

1. Portfolio III

- **Acorn Growth Capital Fund III.** A $1 million commitment in a $6.1 million fund focused on aerospace and defense composites manufacturing.
- **OCAST Seed Fund I.** A $1 million commitment in a $7.2 million fund focused on seed-stage opportunities.
- **Oklahoma Life Science Fund II**. A $1.75 million dollar commitment in a $10 million dollar fund focused on seed and early-stage biotech companies.
- **Mesa Oklahoma Growth Fund I**. A $3 million dollar commitment in a $12 million dollar fund focused on emerging growth companies in Oklahoma.
- **Prolog Capital II**. A $5 million dollar commitment in a $65 million dollar fund focused on early-stage biotech companies.
- **Blue Sage Capital**. A $2 million dollar commitment in a $160 million dollar fund focused on small to middle market growth oriented companies.
- **Oklahoma Equity Partners**. A $7.5 million dollar commitment in a $20 million dollar opportunistic fund that is solely focused on Oklahoma companies.
- **SSM Venture Associates III**. A $7.5 million dollar commitment in a $56 million dollar fund balanced between early, expansion, and later-stage technology and non-technology companies.
- **Emergent Technologies – Oklahoma**. A $1 million dollar commitment in a seed-stage fund focused on advanced biotechnologies.
- **Tullis-Dickerson Health Partners III**. A $7.5 million dollar commitment in a $122 dollar million early-stage partnership focused on healthcare companies.
- **Dolphin Communications Fund II**. A $6 million dollar commitment in a $147 dollar million early to expansion-stage partnership that focuses on communications companies.

2. Portfolio II

- **Rocky Mountain Mezzanine Fund II**. A $3 million dollar commitment in a $120 million dollar leveraged fund, which provides growth capital to established firms.
- **Richland Ventures II**. A $1 million dollar commitment in an $83 million dollar follow-on fund to Richland Ventures.
- **Pacesetter Growth Fund**. A $3.5 dollar million commitment in a $41 million dollar later-stage venture partnership that focuses on firms owned or led by minority entrepreneurs.
- **Davis, Tuttle Venture Partners**. A $5 million dollar commitment in a $43 million dollar high-growth, basic industries venture fund.

3. Portfolio I

- **Chisholm Private Capital Partners**. A $3.4 million dollar commitment to a group with a $13.3 million dollar aggregate commitment and a wide-ranging appetite.
- **Intersouth Partners III**. A $4 million dollar commitment in a $26 million dollar early-stage, technology fund.

- **Richland Ventures**. A $4 million dollar commitment in a $50 million dollar later-stage, service industry venture partnership.
- **Ventures Medical II**. A $2 million dollar commitment in a $14 million dollar early-stage, bio-medical fund.

The Board anticipates making additional commitments over the coming months.

2. Oklahoma Capital Access Program

Contact the Oklahoma Capital Investment Board at (405) 848-9456 for further information.

The Oklahoma Capital Investment Board manages this easy-to-use economic service that encourages additional business lending activity. It provides a "credit insurance" reserve for Oklahoma banks through a fee-matching arrangement for loans enrolled in the program. It gives banks additional resources to finance economic development and community reinvestment activities. To date, the Board has enrolled in excess of $42 million dollars in Oklahoma loans in the program.

D. Quality Jobs Investment Program

(74 O.S. § 5062.8A)

For more information, contact the Oklahoma Development Finance Authority at (405) 842-1145.

The Quality Jobs Investment Program encourages the growth of equity and near equity-capital (e.g. warrants or convertible subordinated debt) for Oklahoma businesses. Under the program, the Oklahoma Development Finance Authority can match dollar for dollar an investment enterprise's private capital for helping new and expanding businesses. An investment enterprise includes any corporation, limited partnership, or similar business entity, including entities qualifying as Small Business Investment Companies under applicable federal law. The primary function of the Quality Jobs Investment Program is to use private and public resources to build a more comprehensive and efficient financing infrastructure for businesses expanding or relocating in the state of Oklahoma.

E. Infrastructure

1. Community Development Block Grants (CDBG)

For more information, contact the Oklahoma Department of Commerce, Office of Community Development, at (405) 815-5356.

Non-entitlement cities, towns, and counties may apply for grants toward the creation of jobs for targeted income groups. Local units of government apply to the Oklahoma Department of Commerce on behalf of a business. The use of the CDBG resources is for the development of publicly owned infrastructure that is directly related to the business location or expansion. Projects financed through CDBG must create one new job for each $35,000 of investment by CDBG. Local infrastructure projects may be funded up to a maximum of $500,000 that supports an existing Oklahoma business or $1,000,000 that supports a new business moving to the State.

F. Workforce Assistance

1. Advanced Degree Programs

For more information, contact Sid Hudson, Assistant Vice Chancellor for Board Relations, Oklahoma State Regents for Higher Education, at (405) 225-9100.

Oklahoma's Higher Education system includes 25 colleges and universities. Associate, bachelor, and advanced degree programs are tailored on an ongoing basis to respond to business and industry needs. In addition, Oklahoma colleges and universities have established numerous alliances and partnerships with business and industry to ensure that Oklahoma graduates are prepared to compete in today's job market. New funds provide universities within Oklahoma's higher education system opportunities to develop programs for workforce training for fast-changing, high paying job fields, to build expertise in targeted knowledge-based industries and to transfer research to the marketplace.

2. Local Area Labor Force Studies

The University of Oklahoma's Public Opinion Learning Laboratory conducts the studies. Please contact Dr. Amy Goodin at (405) 325-7111 for pricing and more information.

3. Job Matching and Job Search Assistance

For more information, contact the Oklahoma Employment Security Commission at (405) 557-7149.

The Oklahoma Employment Security Commission (OESC) provides computerized and customized assistance to serve the needs of employers and job seekers. There is no cost to businesses for screening and referrals of qualified job applicants by job service specialists.

If your business is new to Oklahoma, considering Oklahoma, or expanding in Oklahoma, you will want to contact your nearest Workforce Center for assistance in hiring new people, tax credit programs, assessment, training and education, unemployment insurance, etc. The toll-free phone number to locate the nearest center is 1-888-980-WORK or log on to http://www.workforceok.org/.

4. Workforce Investment Act Programs

To find out more about these programs, contact the Oklahoma Employment Security Commission at (405) 557-7149 or your local Workforce Oklahoma Center. You can find the center nearest you by calling 1-888-980-WORK.

The workforce investment act provides training and supportive services to individuals, as well as specific services, to business such as customized training, on the job training, and in some cases incumbent worker training.

5. Governor's Council for Workforce and Economic Development

For more information, contact Terry Watson of the Oklahoma Department of Commerce, Workforce Solutions, at (405) 815-5206 or terry_watson@odoc.state.ok.us, or log on to http://wwwokcommerce.gov/council.

The purpose of the Governor's Council is to align the delivery of employment, training, and education programs with the economic development goals of the state.

The Governor's Council has a master plan for talent development for the state and from that plan makes recommendations to the Governor and legislature. The plan is intended to be demand-driven to meet the talent and skill needs of Oklahoma employers and Oklahoma's key industry sectors. The Council is a public/private partnership and consists of business and key government agencies that represent Oklahoma's workforce and economic development entities.

In addition to a talent development strategy, the Council produces related industry sector reports, labor market studies, employer survey data, the Oklahoma report card, and other related information. The Council also sponsors initiatives such as growoklahoma.com, a comprehensive career management virtual site located at http://www.growoklahoma.com, the Career Readiness Certificate program, and the Oklahoma Certified Work Ready Communities program at http://www.okcommerce.gov/workkeys.

Oklahoma has twelve Workforce Investment Areas, each with a local workforce board made up of business and state agency representatives to oversee the Workforce efforts in their areas, ensuring that the local needs of business and job seekers are met.

For additional information, please visit www.okcommerce.gov/council or http://www.okcommerce.gov/workforce.

6. Partial Unemployment Benefits Program

(OESC rule 240:10-3-24)

For more information, contact the Oklahoma Employment Security Commission at (405) 962-7584.

Oklahoma allows payments of partial benefits for a reduced workweek in order to retain workers until they return to full time.

G. Economic Development

1. The EDGE Fund

The **EDGE** Fund (Economic Development Generating Excellence Fund) is an important resource in growing our state's bioscience and technology industries. http://www.okgov/edge/

2. History of EDGE

Oklahoma's EDGE was developed in late 2003 by hundreds of Oklahomans from across the state, providing a blueprint for our state's future. The 2004 EDGE Action Plan summarized high-priority recommendations from the blueprint. Since then, more than 100 initiatives have been undertaken to implement the EDGE action54 plan. Clearly, EDGE continues to serve as an effective blueprint for Oklahoma's economic growth.

A cooperative spirit has been the hallmark of the EDGE process from the beginning. Gov. Brad Henry launched the initiative in cooperation with the Oklahoma Department of Commerce and the Oklahoma State Regents for Higher Education. Throughout the EDGE project, approximately 2,400 Oklahomans have participated in the process that has led to these recommendations.

The statute creating the EDGE endowment fund (Title 62 O.S. Supp.2007 §47, §52) specifies that the seven-member EDGE Policy Board shall determine the specific investments to be made each year from the earnings of the EDGE endowment. This endowment is separately managed by the EDGE Board of Investors who certifies the amount of funds annually available to the EDGE Policy Board.

Funding awards can be made to "push" technology from researchers to businesses and "pull" research and technology needed by business sectors. Many types of awards are possible, including proof of concept, applied research, matching funds, purchase of equipment, seed capital, or other projects that meet the EDGE mission. Moreover, the Policy Board can employ multiple investment instruments, e.g., grants, contracts, loans, investments, contributions, supplementary funds to existing programs and other applications.

Applicants eligible to receive EDGE funding are:

(a) Private or public Oklahoma institutions of higher education,

(b) Non-profit Oklahoma research foundations or other non-profit organizations, and

(c) For-profit enterprises.

VII. Organizational Costs and Taxes

A. Oklahoma Business Organizational Costs

For more information, please refer to the Oklahoma Secretary of State website at www.sos.state.ok.us or call (405) 521-3912.

1. Domestic Corporations
(18 O.S. §§ 1001 et seq.)

Corporations organized in Oklahoma must file a Certificate of Incorporation with the Secretary of State. A filing fee of one-tenth of 1% per total authorized capital stock is required. The minimum filing fee is $50.00. The filing fee for a not for profit Oklahoma corporation is $25.00.

Corporations may check on the availability of a name by contacting the Secretary of State's office. A name may be reserved for a period of 60 days by filing an application for Reservation of Name with the Secretary of State and paying a fee of $10.00.

Corporations must maintain a registered office and registered agent whose address is identical to the registered office address. The registered agent may be an individual, the domestic corporation itself, a domestic or qualified foreign corporation, limited liability company, or limited partnership.

2. Foreign Corporations
(18 O.S. §§ 1130, 1131, 1135)

Generally, in order to qualify to do business in Oklahoma, a foreign corporation must file a signed Certificate of Qualification with the Secretary of State. Also, a certificate issued by an authorized office of the jurisdiction of its incorporation evidencing its corporate existence must be filed with the Secretary of State. If the certificate is in a foreign language, a translation must be attached.

A filing fee of $1 per $1,000 on the total authorized capital or on the amount of capital to be invested in Oklahoma during the current fiscal year is required for profit corporations. If the invested capital is more than the total authorized capital, corporations pay only on that authorized. The minimum filing fee is $300.00. The filing fee for a not for profit corporation is $300.00.

Oklahoma law requires the Secretary of State to be the primary registered agent for foreign corporations. An additional agent may be appointed for service of process. The additional agent must be either an individual residing in Oklahoma when appointed or a corporation, limited liability company, or limited partnership authorized to transact business in this state.

A registered agent fee in the amount of $100 per year is payable upon qualification and July 1st of each subsequent year. The registered agent fee MUST be made payable and MAILED to the Oklahoma Tax Commission, 2501 N. Lincoln Blvd., Oklahoma City, Ok 73194 (18 O.S., Section 1142).

3. Limited Liability Companies (LLCs)
(18 O.S. §§ 2000 et seq.)

LLCs may conduct any lawful business in Oklahoma except banking or domestic insurance. One or more persons may form an LLC by filing Articles of Organization with the Secretary of State. A filing fee of $100 is required. LLCs must maintain a principal office and a registered agent within the state.

4. Foreign Limited Liability Companies
(18 O.S. 2043, 2045, 2048)

Foreign LLCs may register with the Secretary of State by filing an application for registration and paying a filing fee of $300. The application for registration must be accompanied by a certificate from the certifying officer of the jurisdiction of the foreign limited liability company's organization attesting to the foreign limited liability company's organization under the laws of such jurisdiction.

For a domestic or foreign limited liability company for which the Secretary of State acts as the registered agent, a $40 fee shall be paid on the first day of July each year.

5. Limited Liability Partnerships (LLPs)
(54 O.S. §§ 1-1001 et seq.)

Oklahoma has provisions for Partnerships and for Limited Liability Partnerships by filing a Statement of Qualification with the Secretary of State. Filing fees vary but do not exceed $100.

6. Business Licenses
(74 O.S. § 5058.4)

The Oklahoma Department of Commerce assists businesses in identifying state licenses, permits, and registrations needed for establishing or engaging in business in Oklahoma. Where feasible, staff will respond to questions about local and federal requirements. Information and assistance can be found at http://www.okcommerce.gov/licensing. The services are optional as any person may deal directly with the issuing agency.

B. Major Business Taxes and Premiums
1. Individual State Income Tax
(68 O. S. §§ 2355, 2358)

Oklahoma Tax Tables for tax year 2009 (68 O.S. § 2355)									
Married Joint, Head of Household & Surviving Spouse Filers					*Single & Married Separate Filers*				
Taxable income		Pay	plus	over	Taxable income		Pay	plus	over
0	2,000	0.00	0.50%	0.00	0	1000	0.00	0.50%	0.00
2,000	5,000	10.00	1.00%	2,000	1,000	2,500	5.00	1.00%	1,000
5,000	75,000	40.00	2.00%	5,000	2,500	3,750	20.00	2.00%	2,500
7,500	98,000	90.00	3.00%	7,500	3,750	4,900	45.00	3.00%	3,750
9,800	12,200	159.00	4.00%	9,800	4,900	7,200	79.50	4.00%	4,900
12,200	15,000	255.00	5.00%	12,200	7,200	8,700	171.50	5.00%	7,200
15,000	and above	395.00	5.50%	15,000	8,700	and above	246.50	5.50%	7,700

For more information, contact the Oklahoma Tax Commission, Taxpayer Assistance Division at (405) 521-3160.

Generally, Oklahoma taxable income is initially defined by Internal Revenue Code, and applies to income resulting from property owned and business done in Oklahoma. The tax table above is for individual state income tax for the 2009 tax year.

2. Corporate State Income Tax

Rate: The portion of corporate income earned in Oklahoma and therefore subject to the 6% tax is based on a three-factor formula.

Corporate Sales Factor: Total sales attributed to Oklahoma divided by sales everywhere.

Property Factor: Taxpayer's average value of property (real and tangible personal property) owned or rented and used in Oklahoma divided by the average value of property (real and tangible personal property) used everywhere during the tax period. Property is valued at its original cost. Rented property is valued at eight times the net annual rate.

Payroll Factor: Compensation for services rendered (less officer's compensation) in Oklahoma divided by compensation for services rendered (less officer's compensation) everywhere.

- Double emphasis is placed on the sales factor for capital intensive firms of $200 million investment in a single project (must be completed within 3 years).
- Oklahoma wishes to tax only the income attributable to the Oklahoma operation. If the apportionment of business income of the enterprise by the Three Factor formula does not give a fair reflection of the taxpayers' activity in the state, with the Oklahoma Tax Commission approval, alternate methods may be used.
- Net operating losses may be carried forward 15 years and may be carried back two years for most companies.
- Corporate Income Tax returns are due by March 15th or by the 15th day of the third month after the end of the taxable year.
- Oklahoma recognizes an automatic extension granted by the Internal Revenue Service. A copy of that extension request should be attached to the Oklahoma return. A taxpayer may request original or additional extension on form 504. A corporation may request an extension of up to one month in excess of the federal extension.
- Generally, tax estimate payments are due quarterly or as specified on vouchers: April 15th, June 15th, September 15th, and January 15th; however, if the tax return is filed and payment made by January 31st, the January 15th payment does not have to be made.
- Taxpayers with Oklahoma taxable income of at least $1 million in one of three preceding years may annualize estimates as is allowed in the Internal Revenue Code on federal taxable income.

Withholding reports from businesses are due weekly, monthly (large companies), or quarterly (small companies). Every employer owing an average of $100,000 or more per month shall make deposits semi-weekly in accordance with federal schedules. Employers owing an average of $10,000 but less than $500 must pay monthly; less than $500 pays quarterly.

3. General Property (Ad Valorem) Tax
(68 O.S. § 2801 et seq.)

Property tax rates in Oklahoma are among the lowest in the United States. The tax is collected by county governments. There is no state property tax. The average effective tax rate for locally assessed property is about 1% of the value of the property. The average effective tax rate is determined by the amount of tax divided by the market value. Property taxes are stable in Oklahoma. In 1996, Oklahoma limited the amount of fair cash value that can be increased from year to year to 5%. Transfers or improvements, however, are assessed at market value the following January 1st.

About two-thirds of the property tax is used for the support of local schools, with lesser portions going to county government, cities, career technical schools, junior colleges, health departments, libraries, and emergency medical service districts. Inventories are valued according to the average amount on hand during the preceding year, or the average amount on hand during such part of the preceding year the inventory was at its January 1st location. The assessment procedure involves:

- A determination of location and the fair cash value.
- The application of a uniform assessment percentage to determine the assessed value.
- The application of the total mill levy by all eligible local taxing units, applicable to all property at its location to determine the amount of tax.

Example:
$100,000 Property Value
X 11% Assessment
= $11,000 Assessed
$11,000 Assessed Value
X 0.08 Mileage Rate ($0.08 x $11,000)
= $880 Tax Due

The Constitution of the state of Oklahoma requires uniform methods of determining fair cash value and requires the County Assessor to apply the same percentage of assessment to all like property in the county to determine assessed values. All real and personal property in the state is required to be valued annually inspected at least once every four years.

The percentage of assessment, which a County Assessor may select and apply to all real property in the county, must be at least 11% and not more than 13.5%. Personal property must be assessed at not less than 10% and not more than 15%. An in-lieu vehicle stamp tax on aircraft, new vehicles, automobiles, trucks, manufactured homes, travel trailers, motor homes, boats and boat motors exempts dealers' inventories and certain farm equipment from the personal property tax (68 O.S. § 2805).

Property taxes are due and payable on November 1st. If one-half of the tax is paid on or before January 1st, the remaining one half may be paid any time until April 1st without accruing interest. Mortgagees paying taxes on behalf of mortgagors must pay the entire tax no later than December 31st. Unless one-half of the taxes so levied has been paid before the first day of January, the entire tax levy for such fiscal year shall become delinquent on that date. The first half of the taxes levied upon an ad valorem basis for any such fiscal year have been paid before the first day of January, the second half shall be paid before the first day of April thereafter and if not paid, shall become delinquent on that date. (Ref: 68 O.S. Sec. 2913)

Taxable personal property, including business inventory, must be listed with the County Assessor on or before March 15th of each year. Exemption applications from real, personal and inventory property tax must also be filed by this date.

4. Unemployment Compensation Tax
(40 O.S. §§ 1-101 to 9-104)

For more information and changes, contact the rate department at the Oklahoma Employment Security Commission at (405) 557-7141.

Oklahoma statutes set out the methods for figuring amounts of contributions to be paid to the Unemployment Compensation Fund by employers.

Employer contribution rates are recalculated annually. By September 30th of each year, the Oklahoma Employment Security Commission (OESC) notifies every employer of its contribution rate for the next calendar year. The rate will remain the same for the entire calendar year if there are no changes in the status of the account. The employer can file a written request for review of its rate within 20 days of mailing of the notification. A Commission review order may be appealed to District Court.

A new employer with no unemployment insurance experience shall pay contributions at a rate of 1.8% of taxable wages for the calendar year 2007. The new employer rate can change annually, and it is based on an average of all contribution rates of state employers, with the minimum new employer rate being 1%.

Generally, each employer with two or more years of experience is assigned an earned rate. The earned rate is based on the employer's experience by calculating a benefit wage ratio and two statewide factors known as the state experience factor and the conditional factor.

The benefit wage ratio is a ratio of the benefit wage charges made against an employer account divided by the employer's taxable payroll for the preceding three years on which taxes have peen paid by July 31st of the calendar year immediately preceding the year for which the contribution rate is being calculated. The state experience factor is the ratio of the total unemployment benefits paid in Oklahoma to the total benefit wages of all employers in the state for the preceding calendar year. The conditional factor is the ratio of the five-year average of total unemployment benefits paid in Oklahoma to the Trust Fund balance for the state.

There are tables found at 40 O.S. § 3-109 that list a range of state experience factors next to a range of possible employer's benefit wage ratios. Once the benefit wage ratio, the state experience factor, and the conditional factor are calculated, an employer's earned rate can be determined if the fund is in "no condition" by consulting the table. If the fund is in conditions A, B, C, or D, the corresponding increase in rates can be found in 40 O.S. § 3-113.

The taxable wage base is determined as a percentage of the state's average annual wage. This figure changes annually and represents the amount of wages that are to be taxed per employee. In the year 2007, the taxable wage base is $13,200. Each employer is to report all wages on its quarterly report forms, but taxes are paid at the assigned rate only up to the amount of the taxable wage base on each employee.

A successor or acquiring employer is one that meets the terms of 40 O.S. § 3-111 and regulations of the OESC. To become a successor, an employer or business entity must substantially acquire all of the trade, employees, organization, business or assets of any employer and continue the operations of that predecessor employer as an ongoing business. If this occurs, the successor shall acquire the rating account of the predecessor employer, including the predecessor's actual contribution and benefit experience, annual payrolls, and contribution rate.

5. Annual Corporate Franchise Tax
(68 O.S. §§ 1201 et seq.)

Base: Capital employed within the state Capital includes the outstanding capital stock, surplus and undivided profits, plus any evidence of indebtedness maturing more than three years after issuance. Borrowed capital, evidenced by notes maturing within three years from date of issuance, is not included in the tax base. If business is transacted outside Oklahoma, or if there are assets located outside Oklahoma, capital employed is allocated to Oklahoma on the basis of the percentage that assets and business done in Oklahoma bear to the total assets and business done everywhere.

Rate: $1.25 per $1,000 of capital employed in Oklahoma; minimum tax $10; maximum tax $20,000. Initial organization fees are in lieu of franchise tax for the fiscal year in which a Certificate of Incorporation or a Certificate of Qualification is issued. Title 18 O.S. § 1022 requires all foreign or domesticated corporations to retain the Secretary of State as their Oklahoma registered agent. The annual fee for this service is $100 and is remitted to the Oklahoma Tax Commission with the franchise tax return.

The Franchise Tax returns for all corporations become due July 1st or the date of the income tax year of the taxpayer, and is considered delinquent September 1st, or the date the income tax return of taxpayer becomes delinquent.

6. Workers' Compensation Insurance

The market for property and casualty insurance products is robust in Oklahoma, providing ample opportunities for businesses to buy coverage at competitive rates. Additional information can be found at the Oklahoma Insurance Department website at www.oid.ok.gov. Other information and forms can be located by calling the Workers' Compensation Court at (405) 522-8600.

7. Retail Sales and Use Tax
(68 O.S. §§ 1350 et seq. and 1401 et seq.)

Base Sales Tax: Gross proceeds or gross receipts from sales of tangible personal property and a few enumerated services to consumers or users.

Use Tax: Purchase price of tangible personal property purchased outside the state of Oklahoma for use and/or consumption within the state by the purchaser.

Rate: A 4.5% sales tax and use tax is levied by the state. Municipalities may levy an additional city sales tax by vote of the people. Counties may levy a county sales tax not to exceed 2% after voter approval. The governing body of a municipality or county levying a sales tax may also levy use tax at a rate that does not exceed the sales tax rate on tangible personal property purchased that is brought into the municipality or county.

For vendors with an average tax due of $2,500 per month, sales tax reports are due the 20th day of the month for sales during the first half of the month. For sales occurring during the second half of the month, sales tax reports are due on the 20th of the month following the sales – reports are delinquent if not received on that date. Except for vendors of certain building materials, vendors who reported an average of $2,500 per month in the prior fiscal year must participate in the Oklahoma Tax Commission's electronic funds transfer and electronic data interchange program. If good faith payments are made, as described in section 365 of Title 68, a

taxpayer is considered to be in compliance. Direct pay permits may be obtained by those making purchases in excess of $800,000 annually. Oklahoma has signed the Streamlined Sales and Use Tax Administration Agreement.

VIII. Appendix

A. Overview

1. Incentive Overview Chart

For manufacturers and certain types of service companies (research, development, and computer services), Oklahoma offers two options. Companies may choose either the Quality Jobs cash-back program, or the Investment or New Jobs income tax credit package. Ad valorem exemptions are available for capital investments made by certain types of companies provided that qualified investment exceeds $250,000 within the calendar year, and the company complies with certain payroll thresholds; qualifications are sometimes industry specific. The package may include a refund of sales taxes paid for construction materials by manufacturers. Incentives are also available for investment in equipment to curtail hazardous waste and in conversion of vehicles to clean burning motor fuel. For most service companies, the cash-back program is the primary incentive. Training costs are generally covered for industries making a significant contribution to the number and quality of Oklahoma jobs.

10 Benefits you should review for:	1. Cash Payments Quality Jobs pg.3	2. High Impact Cash Payments pg. 3	3. Small Employer Cash Payments Quality Jobs pg.4	4. Investment New Jobs Income Tax Credit pg.12	5. Sales Tax Refunds pg.22	6. Ad Valorem Exemptions pg.9	7. Training for Industry "TIP" pg.9	8. Inventory Tax Exemption Freeport pg.12	9. Sales Exemptions pg.22	10. Computer R&D Jobs pg. 17
Large Manufacturers $2.5 Million New Payroll	☑ Unless Taking #4 or 5			☑ Unless Taking #1	☑ Unless Taking #1	☑	☑	☑	☑	
Medium-Size Manufacturers $1 Million New Payroll		☑ Unless Taking #4 or 5		☑ Unless Taking #2	☑ Unless Taking #2	☑	☑	☑	☑	
Small Business-Manufacturers 90 or less Employees at application			☑	☑ Unless Taking #3		☑	☑	☑	☑	
Aircraft Maintenance	☑ Unless Taking #2, 3, 4 or 5	☑ Unless Taking #1, 3, 4 or 5	☑ Unless Qualifying for #1 or 2	☑ Unless Taking #1, 2 or 3	☑ Unless Taking #1, 2 or 3	☑	☑	☑	Repair Parts	
Computer Services or Data Processing	☑	☑ Unless Qualifying for #1	☑ Unless Qualifying for #1 or 2		☑ Unless Taking #1, 2, 3 or 9	☑	☑	☑	☑	☑ Unless Taking #1, 2, 3
Research and Development	☑	☑ Unless Qualifying for #1	☑ Unless Qualifying for #1 or 2		☑ Unless Taking #1, 2, 3	☑	☑	☑	Repair Parts	☑
Large Service Companies $2.5 Million New Payroll	☑					☑	☑			
Small Business Service Companies		☑	☑ Unless Qualifying for #2				☑	☑		

2. Business Incentive Analysis Examples

Example A – Small Manufacturer (NAICS 332) •$50 million investment 200 jobs • Salary $35K/year

	Expected	Length
1a Quality Jobs	$3,500,000 (in 5% area)	10 years
	$3,078,147 (not in 5% area)	10 years
1b Alternative to Quality Jobs		
Investment/Jobs Tax Credit	$4,750,000	5 years
Sales Tax Reimbursements on Construction Materials	$1,314,800	One-Time
2 Five-Year Property Tax Exemption	$2,281,149,	5 Years
3 Freeport Tax Exemption	$59,693	Annual
4 Sales Tax Exemption on Machinery and Equipment	$821,750	One-Time
5 Sales Tax Exemption on Goods Consumed in Mfg. Process	$1,666,569	Annual
6 Sales Tax Exemption on Energy Use in Mfg. Process	$59,740	Annual
Estimated Total Value of Incentives Over 10 Years		
*With 1a, Quality Jobs Cash Incentive	$24,462,918 (assuming 5% area)	
*With 1b, Investment Tax Credit Package	$27,027,718	

Example B - Data Center: (NAICS 518210) • $100 million investment 100 jobs • Salary $60k/year

	Expected	Length
1a Quality Jobs	$3,000,000 (assuming 5% area)	10 years
1b Alternative to Quality Jobs		
Investment/Jobs Tax Credit	Not Eligible	
Sales Tax Reimbursements on Construction Materials	Not Eligible	
2 Five-Year Property Tax Exemption	$4,569,540	5 Years
3 Freeport Tax Exemption	Not Eligible	Annual
4 Sales Tax Exemption on Machinery and Equipment	4,108,750	
5 Sales Tax Exemption on Goods Consumed in Mfg. Process	Not Eligible	Annual
6 Sales Tax Exemption on Energy Use in Mfg. Process	Not Eligible	Annual
Estimated Total Value of Incentives over 10 Years	$11,678,290 (assuming 5% area)	

Example C – Large Manufacturer (NAICS 332) • 100 million investment 1,000 jobs • Salary $35k/year

	Expected	Length
1a Quality Jobs	$17,500,000 (in 5% area)	10 years
	$15,390,733 (not in 5% area)	10 years
1b Alternative to Quality Jobs		
Investment/Jobs Tax Credit	$9,500,000	5 years
Sales Tax Reimbursements on Construction Materials	$657,400	One-Time
2 Five-Year Property Tax Exemption	$4,333,552	5 years
3 Freeport Tax Exemption	$298,463	Annual

4 Sales Tax Exemption on Machinery and Equipment	$6,574,000	One-Time
5 Sales Tax Exemption on Goods Consumed in Mfg. Process	$8,332,845	Annual
6 Sales Tax Exemption on Energy Use in Mfg. Process	$298,702	Annual
Estimated Total Value of Incentives Over 10 Years		
*With 1a, Quality Jobs Cash Incentive	$117,707,646 (assuming 5% area)	
*With 1b, Investment Tax Credit Package	$110,365,046	

Local Economic Development Participation

•Financed equipment purchase through industrial authority.
•Provided a reduced rate on building lease.
•City provided free water/sewer hookups.
•Assisted with the coordination of Training for Industry program, tax exemption processes, etc.

3. Corporate Income/Sales Tax Rates
(State by State)

Oklahoma's overall business and personal tax burden is relatively low when compared to the rest of the country. The corporate income tax is 6% of federal taxable income; the state sales tax rate is 4.5%. When comparing the maximum corporate tax and sales tax rates of all 50 states, Oklahoma ranks in the bottom third. The following shows a comparison of U.S. state corporate income and sales tax rates.

4. Corporate Income Tax Overview

The following discussion of taxes and tax rates is a general outline of the primary taxes applicable to corporate businesses conducted in Oklahoma at the time of this publication. It should not be relied upon as a complete guide to all taxes, exemptions, and rates applicable to individual corporations or business operations. It is generally advisable to review corporate operations with a tax specialist to determine the rate and application of taxes to be paid by a specific corporation or business.

A. Federal Taxes:

All taxes imposed by the federal government are applicable throughout the U.S. All employers are subject to three major taxes:

- Corporate Income Tax - on net income.
- Social Security Tax - payable on each employee's earnings.
- Unemployment Tax - on wages paid to each employee.

Currently the maximum federal corporate tax on net income is 34%. The maximum Oklahoma corporate tax on net income is 6% of the portion of corporate income earned in Oklahoma.

B. State Corporate Tax Rate Sales Tax Rate

State	Corporate Tax Rate	Sales Tax Rate
Alabama	6.50%	4.00%
Alaska	1.00-9.40%	Local Only
Arizona	6.968%	5.60%
Arkansas	1.00-6.50%	6.00%
California	8.84%	8.25%
Colorado	4.63%	2.90%
Connecticut	7.50%	6.00%
Delaware	8.70%	None
District of Columbia	9.975%	5.75%
Florida	5.50%	6.00%
Georgia	6.00%	4.00%
Hawaii	4.40%-6.40%	4.00%
Idaho	7.60%	6.00%
Illinois	4.80%	6.25%
Indiana	8.50%	7.00%
Iowa	6.00-12.00%	6.00%
Kansas	4.00%*	5.30%
Kentucky	4.00-6.00%	6.00%
Louisiana	4.00-8.00%	4.00%
Maine	3.50%-8.93%	6.25%
Maryland	8.25%	6.00%
Massachusetts	9.50%	5.00%
Michigan	4.95%	6.00%
Minnesota	9.80%	6.875%
Mississippi	3.00-5.00%	7.00%
Missouri	6.25%	4.225%
Montana	6.75%	None%
Nebraska	5.58%-7.81%	5.50%
Nevada	None	6.85%
New Hampshire	8.50%	None%
New Jersey	9.00%	7.00%
New Mexico	4.80%-7.60%	5.00%
New York	7.10%	4.00%
North Carolina	6.90%	4.75%
North Dakota	2.10-6.40%	5.00%
Ohio	5.10-8.50%	5.50%
Oklahoma	6.00%	4.50%
Oregon	6.60%	None
Pennsylvania	9.99%	6.00%
Rhode Island	9.00%	7.00%
South Carolina	5.00%	6.00%
South Dakota	None	4.00%
Tennessee	6.50%	7.00%
Texas	None	6.25%
Utah	5.00%	4.70%
Vermont	6.00-8.5%	6.00%
Virginia	6.00%	5.00%
Washington	None	6.50%
West Virginia	8.50%	6.00%
Wisconsin	7.90%	5.00%
Wyoming	None	4.00%

*3.05 % Surtax on over $50k
Source: RIA Checkpoint, 7-09

C. Oklahoma State Income Taxes

Corporate Income Tax - on income received for business transacted within the state. The portion of corporate income earned in Oklahoma and therefore subject to the 6% tax is determined by a Three-Factor formula.

Property in Oklahoma per Federal Income Tax
+ Payroll in Oklahoma per Federal Income Tax
+ Sales in Oklahoma per Federal Income Tax
= Oklahoma Apportionment % of Income

Oklahoma corporate tax liability is usually arrived at by giving equal weight to property, payroll, and sales within Oklahoma. However, the sales factor for corporations having capital investment in Oklahoma in a project of $200 million or more is 50% of the apportionment while property and payroll are each 25%.

The Oklahoma apportioned percentage of income is then multiplied by the corporation's reported net federal taxable income (after Oklahoma adjustments) to determine the Oklahoma taxable income. This figure is then multiplied by the 6% Oklahoma corporate income tax rate to determine the Oklahoma tax.

Oklahoma Tax Formula

(1) Oklahoma net income apportioned percentage from the Three-Factor Formula
↓
(2) Oklahoma taxable income reported after Oklahoma adjustments
↓
(3) 6% income
↓
(4) Oklahoma corporate income tax rate
↓

Oklahoma Income Tax

The Oklahoma Legislature passed SB 1415 requiring a portion of the bonus depreciation permitted pursuant to the federal Job Creation and Worker Assistance Act to be added back and then reclaimed in a later year for Oklahoma income tax purposes.

80% of the bonus depreciation taken on the federal return must be added to Oklahoma taxable income on Oklahoma's return. However, the bonus may be fully recovered in Oklahoma over the next four years. (68 O.S. § 2358.6)

The following is a corporate tax example assuming the facts as set out:

- Manufacturing company "A" in Oklahoma with a sales office in another state.
- The company has an income of $1 million.
- After adjustments the company reports a federal taxable income of $500,000.
- Three-Factor Formula:
  A. Property in Oklahoma is 95% of Total USA Property
  B. Payroll in Oklahoma is 85% of Total USA Payroll

C. Sales in Oklahoma are 10% of Total USA Sales

$$\frac{A+B+C}{3} = \frac{95\% + 85\% = 10\%}{3} = \frac{190}{3} = 63\tfrac{1}{3}$$

Three-Factor Formula:	63⅓%	
X Reported Federal Income:	x	$500,000
= Oklahoma Taxable Income:	=	$316,650
(Less Oklahoma Adjustments)		
Oklahoma Taxable Income:		$316,650
X Oklahoma Income Tax Rate:	x 6%	
= Oklahoma Income Tax:	=	$18,999

5. Right-to-work Constitutional Provision

This constitutional amendment was voted into Oklahoma's Constitution in 2001:

Article 13, Section 1a reads as follows:

A. As used in this section, "labor organization" means any organization of any kind, or agency or employee representation committee or union, that exists for the purpose, in whole or in part, of dealing with employers concerning wages, rates of pay, hours of work, other conditions of employment, or other forms of compensation.

B. No person shall be required, as a condition of employment or continuation of employment, to:

Resign or refrain from voluntary membership in, voluntary affiliation with, or voluntary financial support of a labor organization;

Become or remain a member of a labor organization;
Pay any dues, fees, assessments, or other charges of any kind or amount to a labor organization;
Pay to any charity or other third party, in lieu of such payments, any amount equivalent to or pro rata portion of dues, fees, assessments, or other charges regularly required of members of a labor organization; or
Be recommended, approved, referred, or clear by or through a labor organization.

C. It shall be unlawful to deduct from the wages, earnings, or compensation of an employee any union dues, fees, assessments, or other charges to be held for, transferred to, or paid over to a labor organization unless the employee has first authorized such deduction.

D. The provisions of this section shall apply to all employment contracts entered into after the effective date of this section and shall apply to any renewal or extension of any existing contract.

E. Any person who directly or indirectly violates any provision of this section shall be guilty of a misdemeanor.

6. Enterprise Zones
(62 0.S. § 690.1 et seq.)

For more information, contact the Oklahoma Department of Commerce at (405) 815-5182 or steven_barker@okcommerce.gov. Visit www.okcommerce.gov for updates.

Enterprise Zones areas designated in disadvantaged counties, cities, or portions of cities. These Enterprise Zones provide extra incentives for business. Double the Investment / New Jobs Tax Credit is allowed, and low interest loans may be made available through enterprise district loan funds. Local communities may exempt local taxes for six years (instead of five) for qualifying businesses that are also in Incentive Districts (62 O.S. § 860). Small Linked Deposit Loans may be for longer terms (62 O.S. §§ 88. 1A et seq). The enterprise district management authorities created in some enterprise districts are empowered to establish venture capital loan programs and to solicit proposals from enterprises seeking to establish or expand facilities in the Enterprise Zones. By statute, funds for these programs would come from the issuance of general obligation bonds by the district involved. These loans can be for up to 100% of the estimated cost of the building and equipment.

The Oklahoma Department of Commerce designates enterprise zones and publishes lists of eligible counties, cities, and census tracts.

A. The Oklahoma Local Development and Enterprise Zone Incentive Leverage Act
(62 O.S. § 840 et seq.)

Provides funding for local units of government to match local tax revenue dedicated to support a project located in an enterprise zone or in support of a major tourism destination. At a minimum, all projects must meet the following requirements.

- Project must be located entirely within an enterprise zone, or in support of a major tourism destination which the local governmental entity determines is likely to significantly benefit contiguous or nearby enterprise census tracts;
- No more than ten percent (10%) of the net leasable space may be used for retail purposes, and no state local government matching payment shall be made for project costs in support of any gambling establishment;
- State local government payments cannot be used to supplant local revenue currently being expended within the increment district boundaries;
- Certification that all projects described within the related project plan will generate, in the aggregate, a minimum of either One Million Dollars ($1,000,000) in payroll, exclusive of payroll for construction, or Five Million Dollars ($5,000,000) in investment;
- The application must include an estimate of incremental revenues likely to be derived from the project;
- The project must include the commitment of local governmental entity; and
- The project meets the time deadlines set forth in 62 O.S. § 842 (I).
- If the project is in support of a major tourism destination, the application must meet the requirements set forth at 62 O.S. § 842 (B) (3) and (B) (4).

B. Oklahoma Enterprise Zones List 2009-2010

The following pages list Oklahoma's Enterprise Zones by breaking the information down into 4 main sections:

- Annually Updated List of Qualifying Areas
- Grandfathered Communities by City/County Listing
- Qualifying Decennial Census Tracts
- Federally Designated Enterprise Community/Empowerment Zones

Because an area may be listed under one or more of these sections, depending on qualifying criteria, it is important to check all four sections before determining if the area is or is not an

Enterprise Zone. As long as an area is listed under at least one section, then it is considered to qualify as an Enterprise Zone.
The legal definition of an Enterprise Zone can be found in Oklahoma Statutes Title 62, Section 690.2 Definitions, but generally an Enterprise Zone is defined as:

- Unincorporated areas of a County where:
  - The County as a whole has experienced a decrease in population over the last 10 years, OR
  - The County as a whole ranks among Oklahoma's lowest twenty-five for per-capita personal income
- Census Tract(s) within or adjacent to the corporate limits of an Oklahoma city or town where:
  - The local governing body has voted to make a formal application to the Oklahoma Department of Commerce for recognition as an Enterprise Zone, AND
    - Where 30% of the population lives in households at or below poverty, OR
    - Where the Per Capita Income is 15% or more below the Oklahoma Per Capita Income
- Any area designated by the Federal Government to be a Federal Enterprise Community
- Any area designated as an Enterprise Zone by the Oklahoma Department of Commerce prior to July 1, 2000.

If you have questions about the benefits of locating within an Enterprise Zone, you can obtain a copy of the latest Business Incentives and Tax Information Guide by going to www.okcommerce.gov/incentives or by contacting the Oklahoma Department of Commerce at 1-800-879-6552.

If you have questions about which areas in Oklahoma qualify as Enterprise Zones, contact Sohail Hasanjee with the Oklahoma Department of Commerce by e-mail at sohail_hasanjee@okcommerce.gov or by phone at 405-815-5176.

1. Annually Updated List of Qualifying Areas

The areas designated as Enterprise Zones under this section are reviewed annually and may change from year to year.

Unincorporated Areas In The Following Counties Qualify Because Their Populations Declined Between July 1, 1998 and July 1, 2008		
Alfalfa	Greer	Major
Beaver	Harmon	Noble
Caddo	Harper	Okfuskee
Choctaw	Hughes	Okmulgee
Cimarron	Jackson	Ottawa
Coal	Jefferson	Roger Mills
Comanche	Johnston	Seminole
Cotton	Kay	Stephens
Dewey	Kiowa	Tillman
Ellis	Latimer	Woods
Grant	McCurtain	

Unincorporated Areas In The Following Counties Qualify Because They Are Among The Lowest 25 Counties Based On 2007 Per Capita Personal Income		
Adair	Cimarron	McIntosh
Alfalfa	Coal	Marshall
Atoka	Harmon	Nowata
Beaver	Hughes	Okfuskee
Blaine	Jefferson	Pushmataha
Caddo	Johnston	Tillman
Cherokee	Kiowa	Washita
Choctaw	Le Flore	Woods
	McCurtain	

2. Grandfathered Communities by City/County Listing

The communities listed under this section were recognized as Enterprise Zones prior to July 1, 2000 and remain qualified under a grandfathered clause. Though this listing is offered as a general guide, the actual geography included under the grandfathered area may be based on 1990 Census Tract definitions, 2000 Census Tract definitions, city/county limits, specifically named streets within the community, or a variety of other descriptions that make it difficult to specifically define within this document.

To receive an exact definition of the Enterprise Zones that qualify based on grandfathered listings, contact Sohail Hasanjee by e-mail at sohail_hasanjee@okcommerce.gov or by phone at 405-815-5176.

Entire County Included	
Beaver	Jefferson
Blaine	Kiowa
Choctaw	Nowata
Ellis	Roger Mills
Grant	Tillman
Harmon	Washita
Harper	Woods
Jackson	Woodward

Only Unincorporated Areas of County Included		
Adair	Latimer	Okmulgee
Carter	Le Flore	Ottawa
Coal	Marshall	Pawnee
Garvin	McCurtain	Pittsburg
Haskell	McIntosh	Pushmataha
Hughes	Murray	Seminole
Johnston	Muskogee	Sequoyah
Kay	Okfuskee	Stephens

Only a Portion of These Cities Included	
Altus *(Jackson Co.)*	McAlester *(Pittsburgh Co.)*
Ardmore *(Carter Co.)*	Midwest City *(Oklahoma Co.)*
Bartlesville *(Washington Co.)*	Muskogee *(Muskogee Co.)*
Billings *(Noble Co.)*	Newkirk *(Kay Co.)*
Blackwell *(Kay Co.)*	Norman *(Cleveland Co.)*
Catoosa *(Rogers Co.)*	Oklahoma City *(Oklahoma Co.)*
Clinton *(Custer Co.)*	Owasso *(Tulsa Co.)*
Duncan *(Stephens Co.)*	Pryor Creek *(MAIP) (Mayes Co.)*
Elk City *(Beckham Co.)*	Sand Springs *(Tulsa Co.)*
Enid *(Garfield Co.)*	Sapulpa and Creek Co. *(Creek Co.)*
Fairview *(Major Co.)*	Shawnee *(Pottawatomie Co.)*
Guthrie *(Logan Co.)*	Sulphur *(Murray Co.)*
Guymon *(Texas Co.)*	Tonkawa *(Kay Co.)*
Lawton *(Comanche Co.)*	Tulsa *(Tulsa Co.)*
Madill *(Marshall Co.)*	Wagoner *(Wagoner Co.)*

2. Grandfathered Communities by City/County Listing (continued)

Entire City Included			
Ada *(Pontotoc Co.)*	Delaware *(Nowata Co.)*	Jefferson *(Grant Co.)*	Rush Springs *(Grady Co.)*
Addington *(Jefferson Co.)*	Depew *(Creek Co.)*	Knowles *(Beaver Co.)*	Ryan *(Jefferson Co.)*
Alva *(Woods Co.)*	Dill City *(Washita Co.)*	Lamont *(Grant Co.)*	Sallisaw *(Sequoyah Co.)*
Anadarko *(Caddo Co.)*	Drumright *(Creek Co.)*	Laverne *(Harper Co.)*	Sayre *(Beckham Co.)*
Antlers *(Pushmataha Co.)*	Durant *(Bryan Co.)*	Lenapah *(Nowata Co.)*	Seminole *(Seminole Co.)*
Arnett *(Ellis Co.)*	Erick *(Beckham Co.)*	Lone Wolf *(Kiowa Co.)*	Sentinel *(Washita Co.)*
Atoka *(Atoka Co.)*	Eufaula *(McIntosh Co.)*	Longdale *(Blaine Co.)*	Sharon *(Woodward Co.)*
Avard *(Woods Co.)*	Fairland *(Ottawa Co.)*	Loveland *(Tillman Co.)*	Shattuck *(Ellis Co.)*
Beaver *(Beaver Co.)*	Fargo *(Ellis Co.)*	Manchester *(Grant Co.)*	Snyder *(Kiowa Co.)*
Bessie *(Washita Co.)*	Forgan *(Beaver Co.)*	Mangum *(Greer Co.)*	Soper *(Choctaw Co.)*
Boswell *(Choctaw Co.)*	Fort Supply *(Woodward Co.)*	Manitou *(Tillman Co.)*	South Coffeyville *(Nowata Co.)*
Bristow *(Creek Co.)*	Fort Towson *(Choctaw Co.)*	Mannsville *(Johnston Co.)*	Stigler *(Haskell Co.)*
Buffalo *(Harper Co.)*	Foss *(Washita Co.)*	Marietta *(Love Co.)*	Stillwater *(Payne Co.)*
Burns Flat *(Washita Co.)*	Frederick *(Tillman Co.)*	May *(Harper Co.)*	Stilwell *(Adair Co.)*
Canton *(Blaine Co.)*	Freedom *(Woods Co.)*	Medford *(Grant Co.)*	Strong City *(Roger Mills Co.)*
Canute *(Washita Co.)*	Gage *(Ellis Co.)*	Miami *(Ottawa Co.)*	Stroud *(Lincoln Co.)*
Capron *(Woods Co.)*	Gate *(Beaver Co.)*	Mooreland *(Woodward Co.)*	Sugden *(Jefferson Co.)*
Carmen *(Alfalfa Co.)*	Geary *(portion of city located in Blaine Co.)*	Mountain Park *(Kiowa Co.)*	Tahlequah *(Cherokee Co.)*
Chattanooga *(portion of city located in Tillman Co.)*	Gotebo *(Kiowa Co.)*	Mountain View *(Kiowa Co.)*	Tecumseh *(Pottawatomie Co.)*
Checotah *(McIntosh Co.)*	Gould *(Harmon Co.)*	Mutual *(Woodward Co.)*	Temple *(Cotton Co.)*
Chelsea *(Rogers Co.)*	Grandfield *(Tillman Co.)*	Nash *(Grant Co.)*	Terlton *(Pawnee Co.)*
Cherokee *(Alfalfa Co.)*	Greenfield *(Blaine Co.)*	New Alluwe *(Nowata Co.)*	Terral *(Jefferson Co.)*
Cheyenne *(Roger Mills Co.)*	Hallett *(Pawnee Co.)*	Nowata *(Nowata Co.)*	Tipton *(Tillman Co.)*
Chickasha *(Grady Co.)*	Hammon *(portion of city located in Roger Mills Co.)*	Okeene *(Blaine Co.)*	Tishomingo *(Johnston Co.)*
Cleveland *(Pawnee Co.)*	Hartshorne *(Pittsburg Co.)*	Okemah *(Okfuskee Co.)*	Wakita *(Grant Co.)*
Clinton *(portion of city located in Washita Co.)*	Haskell *(Muskogee Co.)*	Okmulgee *(Okmulgee Co.)*	Wann *(Nowata Co.)*
Coalgate *(Coal Co.)*	Hastings *(Jefferson Co.)*	Pauls Valley *(Garvin Co.)*	Watonga *(Blaine Co.)*
Colony *(Washita Co.)*	Healdton *(Carter Co.)*	Pawhuska *(Osage Co.)*	Waurika *(Jefferson Co.)*
Cooperton *(Kiowa Co.)*	Heavener *(LeFlore Co.)*	Ponca City *(Kay Co.)*	Waynoka *(Woods Co.)*
Cordell *(Washita Co.)*	Henryetta *(Okmulgee Co.)*	Pond Creek *(Grant Co.)*	Welch *(Craig Co.)*
Corn *(Washita Co.)*	Hitchcock *(Blaine Co.)*	Poteau *(LeFlore Co.)*	Westville *(Adair Co.)*
Cornish *(Jefferson Co.)*	Hobart *(Kiowa Co.)*	Quinlan *(Woodward Co.)*	Wewoka *(Seminole Co.)*
Cushing *(Payne Co.)*	Holdenville *(Hughes Co.)*	Renfrow *(Grant Co.)*	Wilburton *(Latimer Co.)*
Cyril *(Caddo Co.)*	Hollis *(Harmon Co.)*	Reydon *(Roger Mills Co.)*	Woodward *(Woodward Co.)*
Dacoma *(Woods Co.)*	Hollister *(Tillman Co.)*	Ringling *(Jefferson Co.)*	Wynnewood *(Garvin Co.)*
Davidson *(Tillman Co.)*	Hugo *(Choctaw Co.)*	Rocky *(Washita Co.)*	Yale *(Payne Co.)*
Davis *(Murray Co.)*	Hydro *(portion of city located in Blaine Co.)*	Roosevelt *(Kiowa Co.)*	
Deer Creek *(Grant Co.)*	Idabel *(McCurtain Co.)*	Rosston *(Harper Co.)*	

3. Qualifying Decennial Census Tracts

The following Specific Census Tracts are recognized as Enterprise Zones because they meet criteria that took effect after July 1, 2000. Unlike the case with grandfathered areas, these Census Tracts are all based on Census 2000 definitions. To determine the Census Tract for a specific address, use these steps:

Address based search

a) Go to http://factfinder.census.gov/home/saff/main.html?_lang=en
b) In the lower left corner of the screen, you should find a box labeled "Address Search..."
c) Click on "street address"
d) The page will refresh, defaulting to a tab labeled "address search" (other options include "list", "name search", and "map").
e) Enter the address information in the yellow boxes and press the "Go" button.
f) The page will refresh with detailed geographic information.
g) Note the County and the Census Tract
h) Look in the following table first for that County, then for that Census Tract.
i) If you still cannot determine which Census Tract is appropriate, contact Sohail Hasanjee with the Oklahoma Department of Commerce by e-mail at sohail_hasanjee@okcommerce.gov or by phone at 405-815-5176.

Qualifying 2000 Census Tracts by County (leading zeros might be dropped from some sources)

Adair - 9766, 9767, 9768, 9769, 9770
Alfalfa - 9560
Atoka - 9876, 9877, 9878, 9879
Beckham - 9661, 9665, 9668
Blaine - 9587, 9589, 9590
Bryan - 9956, 9957, 9959, 9960, 9962, 9963, 9964, 9965, 9966
Caddo - 9616, 9617, 9618, 9619, 9621, 9622, 9623
Canadian - 3003, 3004, 3005
Carter - 9921, 9922, 9923, 9924, 9925, 9928, 9931
Cherokee - 9776, 9777, 9778, 9779, 9780, 9781, 9782, 9783
Choctaw - 9969, 9970, 9971, 9972, 9973
Cleveland - 2001, 2002, 2005, 2006.01, 2006.02, 2007, 2012.01, 2012.02, 2012.03, 2013.01, 2016.03, 2016.04, 2024.05, 2026
Coal - 9881, 9882
Comanche - 0001, 0002, 0003, 0004.01, 0005.02, 0008, 0010, 0011, 0012, 0013, 0014, 0015, 0016, 0017, 0019.02, 0024
Cotton - 9712
Craig - 9731, 9733
Creek - 0201.02, 0206.02, 0207.02, 0207.04, 0207.05, 0207.07, 0210, 0211.01, 0211.02, 0213
Custer - 9508, 9606
Delaware - 9759, 9760, 9761, 9762
Dewey - 9592
Garfield - 0001, 0002, 0007, 0015
Garvin - 9911, 9914, 9915, 9916, 9918, 9919
Grady - 0001, 0002, 0003, 0004, 0007, 0009.02
Greer - 9671, 9672
Harmon - 9678
Haskell - 9791, 9792, 9793, 9794
Hughes - 9846, 9847, 9848, 9849, 9850
Jackson - 9682, 9683, 9685, 9686, 9687, 9688
Jefferson - 9716, 9717, 9718
Johnston - 9901.98, 9902, 9903
Kay - 0001, 0004, 0005, 0010, 0011
Kiowa - 9637, 9642
Latimer - 9871, 9872, 9873
Le Flore - 0401.02, 0401.98, 0402.98, 0403.01, 0403.02, 0404, 0405, 0406, 0407
Lincoln - 9811, 9812, 9815, 9816
Logan - 6002
Love - 9941
McClain - 4004
McCurtain - 9982, 9985, 9986, 9987, 9988, 9989
McIntosh - 9797, 9798, 9799, 9802
Marshall – 9947
Mayes – 0401, 0404, 0405, 0406, 0407
Muskogee - 0001, 0002, 0003, 0004, 0006, 0007, 0009, 0015, 0016
Noble - 9566
Nowata - 9722, 9724
Okfuskee - 9806, 9807, 9809, 9810
Oklahoma - 1001, 1004, 1005, 1007, 1008, 1010, 1011, 1012, 1013, 1014, 1015, 1016, 1022, 1023, 1024, 1025, 1026, 1027, 1028, 1029,1030, 1031.01, 1031.02, 1032, 1033, 1034, 1035, 1036.01, 1036.02, 1037, 1038, 1039, 1040, 1041, 1042, 1043, 1044, 1045, 1046, 1047, 1048, 1049, 1050, 1052.01, 1052.02, 1053, 1054, 1055, 1056, 1057, 1058, 1059.04,

1059.07, 1061, 1063.01, 1063.02, 1063.03, 1068.03, 1069.12, 1069.13, 1069.14, 1069.15, 1070.01, 1070.02, 1071.01, 1071.03, 1071.04, 1072.06, 1072.09, 1072.13, 1072.15, 1072.16, 1072.17, 1072.18, 1072.19, 1072.20, 1072.22, 1072.23, 1073.02, 1073.03, 1073.05, 1073.06, 1074.01, 1075, 1076.01, 1076.04, 1076.06, 1077.04, 1078.01, 1078.09, 1078.10, 1079, 1080.03, 1080.08, 1080.09, 1080.10, 1080.11, 1082.04, 1082.07, 1082.08, 1083.01, 1083.09, 1086.02, 1088.03
Okmulgee - 0001, 0002, 0003, 0007, 0008, 0009
Osage - 0103, 0104, 0106
Ottawa - 9741, 9742, 9743, 9745, 9748, 9749
Pawnee - 9571, 9573, 9575
Payne - 0101, 0102, 0103, 0104, 0105, 0106, 0107, 0108, 0112, 0114
Pittsburg - 9857, 9859, 9861, 9862, 9863, 9864, 9867, 9868
Pontotoc - 9886, 9887, 9889, 9890, 9891, 9892, 9893, 9895.98, 9896
Pottawatomie - 5002, 5003.02, 5004, 5005, 5011.01, 5011.02, 5012.01, 5013
Pushmataha - 9976, 9977, 9978
Rogers - 0501.01, 0501.04, 0502.02, 0503.02, 0507.01
Seminole - 9831, 9834, 9835, 9836, 9838, 9839
Sequoyah - 0301.01, 0301.02, 0302.01, 0302.02, 0303, 0304.01, 0304.02
Stephens - 0004, 0006, 0009, 0010
Texas - 9507, 9508
Tillman - 9701, 9703, 9704, 9705
Tulsa - 0001, 0002, 0003, 0004, 0005, 0006, 0007, 0008, 0009, 0010, 0012, 0013, 0014, 0015, 0016, 0020, 0021, 0022, 0023, 0025, 0027, 0029, 0030, 0046, 0049, 0056, 0057, 0059, 0060, 0062, 0067.01, 0068.01, 0071.01, 0073.06, 0073.11, 0074.02, 0074.08, 0076.08, 0078.01, 0079, 0080.01, 0080.02, 0082, 0083, 0088, 0090.04, 0091.01, 0093, 111
Wagoner - 0301, 0304.03, 0306.02, 0307.98
Washington - 0001, 0002, 0003, 0009
Washita - 9650
Woodward – 9534

4. Federally Designated Enterprise Community/Empowerment Zones

Federally designated Enterprise Community/Empowerment Zones are defined by the US Department of Housing and Urban Development. Below is a list of Census Tracts from the 2000 Census that qualify under this section:

Urban Round III Empowerment Zone – Oklahoma City:

Oklahoma County - 1004, 1005, 1013, 1014, 1015, 1024, 1025, 1026, 1027, 1028, 1030, 1031.01, 1033, 1034, 1035, 1037, 1038, 1039, 1040, 1041, 1043, 1046, 1047, 1056, 1057, 1058, 1007, 1010, 1011, 1012

Rural Round II Enterprise Communities – Tri-County Indian Nations

Coal County - 9881, 9882
Pontotoc County - 9886, 9887, 9891, 9892
Johnston County - 9902

More information on the federal government's Enterprise Community/Empowerment Zone program can be found on the US Department of Housing and Urban Development's website by following the link below:

http://www.hud.gov/offices/cpd/economicdevelopment/programs/rc/tour/ok/

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(State Workers' Compensation Fund)

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