



2008 Oklahoma Incentives and Tax Guide

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What's New in the 2008 Oklahoma Business Incentives and Tax Information Guide

Welcome to the 2008 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. Three key changes from the previous year's Tax Guide are highlighted here in brief:

Former Indian Lands Tax Credit

The Tax Relief and Health Care Act of 2006 which extended the former Indian lands and employment tax credits will terminate on December 31, 2007. If this tax credit should be extended again by the federal government, we will immediately revise the 2008 Tax Guide and send out notices to agency partners and stakeholders.

The Oklahoma Opportunity Fund

No new appropriations were given to the Oklahoma Opportunity Fund in the 2007 legislative session. While there are no funds available in this fund for 2008, the program still exists for the possibility of future appropriations.

I. Oklahoma is going places ... want to come along?

This Business Incentives and Tax Information Guide is more than a summary of Oklahoma's business location advantages; it represents our state's commitment to being a flexible partner with companies and entrepreneurs who already call Oklahoma their home, as well as businesses considering relocating and/or expanding here.

We're currently celebrating our centennial year of statehood. The myriad cultures that helped settle our state have created a diverse population that's rich in tradition and innovation. While we're strongly rooted in our heritage, you'll find Oklahoma is on the move when it comes to business and economic development.

Oklahoma is Enterprising.

In its early days, Oklahoma was known as a hard-working state built on agriculture and energy production. You'll find we still have that same enterprising "can do" spirit, but our economic base has diversified to include industries like aerospace, advanced manufacturing, bio-sciences, bio-fuels, food processing, business and financial services, technology development, and logistics.

Oklahoma is Accessible.

Oklahoma puts you in touch with 80+ million people within a 500 mile radius. Equidistant between New York City, Los Angeles, Mexico City and Toronto, we're ideally positioned to serve U.S., NAFTA, and world markets.

Oklahoma is Talented.

Oklahoma is dedicated to quality education for students of all ages and walks of life. We have the right people, with the right skills – people who offer an uncommon level of pride in jobs well done. We also offer one of the best vocational and career training systems in the nation, and we work hand-in-hand with companies to meet specific skill development needs.

Oklahoma is Energetic.

Oklahomans are as fun-loving as we are hard-working. Our quality of living is second to none, our home prices are among the nation's most affordable, and our taxes are among the nation's lowest. In addition, we average more than 300 days of sunshine per year; fresh air and blue skies are an essential part of Oklahoma life.

Oklahoma is Dynamic.

Oklahoma offers one of America's most dynamic economic development incentive programs. We are a pro-business state, with pro-business legislation. As you'll see in this guide, we have a large number of options available, including world-class job creation and training programs and highly-advantageous tax and cash-back incentives; all are designed to encourage the establishment and expansion of business in Oklahoma.

Oklahoma is Rising.

When it comes to business expansion and relocation, we truly believe Oklahoma is a rising star. Here, anything is possible. And in this environment of success, we like to help others succeed, too. We look forward to visiting in person, so you can learn firsthand why Oklahoma continues to be a great place to work, a great place to live, and a great place to do business.

II. 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 regardless of new payroll level, provided employees are paid at or above the average wage required. After three years if all thresholds are achieved, they may extend for an additional seven years for a total of ten years. A qualified company must achieve a \$2.5 million annualized payroll for the new full-time employees 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 pay no more than 50% of the premium. The plan must permit employees to access the coverage within 180 days of employment. Eighty percent of these 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, however, wage requirements do not exceed \$28,572 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 certain 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 for 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.

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% rate automatically applies. This percentage fluctuates by the average weighted salary of the new jobs. See the map of the counties that are designated as automatic 5% areas later in this section.

Certain industry codes may receive a higher percentage of benefit, based on the level of the states 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.

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.

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](#) and [551114](#).
- 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 No. [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 5617-30
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](#), 51411 - 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

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 O.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.

4. 5% Areas for Oklahoma Quality Jobs Program

County & Status (Use from May 25, 2008 to May 25, 2009)

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

B. Employee Training

1. Training for Industry Program (TIP)

For more information, contact the Oklahoma Department for Career and Technical Education at (405) 377-2000 or www.okcareertech.org, or you can also contact Scott Smith (405) 815-5110 or scott_smith@okcommerce.gov to begin the process. [Get info about the Training for industry Program here.](#) Other CareerTech pages that may be of interest can be found here: [TIP](#) and [Existing industry Training](#).

The American dream is alive and well in Oklahoma, as companies secure their future with a talented, skilled and productive workforce. Whether you're a new or an expanding company in our state, our nationally acclaimed Training for Industry Program (TIP) can help you create the trained workforce you need in order to be productive from the start. And best of all – it's 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, you can be sure we have the experience and expertise to serve your company well. Totally customized and extremely flexible, TIP is delivered through Oklahoma's CareerTech System with 29 state-of-the-art technology centers with 55 locations across the state.

Beyond start-up, our technology centers provide ongoing, customized training for your existing employees at significant cost savings to you. 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 our award-winning Safety Training.

Whether you are using TIP or any of our programs for existing industry, you can count on expertise in everything from software to inventory management, customer service to safety, industrial maintenance to ISO, SPC, Lean, and process improvement, team and interpersonal skills to blueprint reading.

C. Ad Valorem Tax Exemptions

1. State Decision

(68 O.S. § 2902)

For more information contact the Oklahoma Tax Commission, Ad Valorem Division at (405) 521-3178 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, 5415 and U.S. Industry Number 334611 and 518112 of the NAICS Manual](#) must have out-of-state sales of at least 50%. [Industrial Group Number 5142 of the NAICS Manual](#) must have out-of-state sales of at least 80%. [Computer data processing classified in Industrial Group 7374 of the SIC Manual. U.S. Industry Number 514210 of the NAICS Manual latest revision 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. However, if a \$7 million investment is made in new facilities for certain computer service companies, no new payroll is required. [Direct replacement, repair, or maintenance of existing machinery or equipment will not qualify.](#)

Windpower generators in NAICS 221119 are exempt from the payroll requirement. 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.

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 establishments 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) 521-3178 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 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 (405) 319-8200 or otcmaster@tax.ok.gov. [Download PDF on 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 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. The exemption is not allowed for ad valorem taxes if a firm qualifies under the state Exemption of this section. Any state reimbursement would be for the first five (5) years of eligibility only.

III. 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.



2. 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 1-800-588-5959 or oklahomafastforward@okcommerce.gov
 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](#)

Indian Lands Tax Credit Extended – The American Indian Lands Tax Credit was extended Friday, October 3, 2008. For questions about this new legislation and the credit, please contact the Oklahoma Fast Forward Site Selection Team at 1-800-588-5959.

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 2008 is \$46,000.

Earnings Caps for 2007 and previous years:

- 2000 - \$30,000
- 2001 - \$35,000
- 2002 - \$40,000
- 2003 - \$40,000
- 2004 - \$41,000
- 2005 - \$42,000
- 2006 - \$44,000
- 2007 - \$45,000
- 2008 - \$46,000

To compute and claim the credit, use IRS Form 8845 when filing the federal income tax return. To take advantage of accelerated depreciation on prior years not claimed, use the process stated in Internal Revenue Service Revenue Procedure 99-44.

Oklahoma businesses may deduct the amount of wages paid and used to calculate the federal tax credit from taxable income.

3. 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.

4. Recycling, Reuse And Source Reduction Incentive Act

(27 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.

5. Gas Usage Tax Credit for Manufacturing

(68 O. 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).

6. Ethanol Facilities Credit

(68 O.S. 2357.66)

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](#)

Owners of an ethanol facility producing at the rate of 25% or more of its name plate 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 ¹/₂ cents (\$0.075) per gallon for new production only.

7. Insurance Premium Tax Credit

(36 O. S. § 625. 1)

For more information contact the 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.

8. Small Business Administration (SBA) Guarantee Fee Tax Credit

(68 O.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:

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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.

9. 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 until 2005. 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 2007. The credits are freely transferable and may be carried forward 10 years. This address: http://www.eere.energy.gov/afdc/progs/view_all.cgi?afdc/OK/0 keeps a good list of incentives.

Alternative Fuel Vehicle (AFV) Tax Credit

Prior to January 1, 2009, 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 OEM AFV. 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 AFV cannot be determined or when an AFV 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. (Reference [Oklahoma Statutes](#) Section 68-2357.22)

Alternative Fuel Vehicle (AFV) and Refueling Infrastructure Tax Credit

the state provides a tax credit for up to 50% of the cost of installing refueling infrastructure for AFVs. 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. (Reference [Oklahoma Statutes](#) Section 68-2357.22)

Biodiesel Production Facility Tax Credit

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. (Reference [Oklahoma Statutes](#) Section 68-2357.67)

Ethanol Fuel Retailer Tax Credit

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. (Reference [House Bill](#) 1556, 2005 and [Oklahoma Statutes](#) Section 68-500.10-1)

10. Agricultural Commodity Processing Facility Income Tax Exemption

(68 O.S. § 2358 [A] [6])

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:

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Owners of new or expanding agricultural commodity processing facilities may exclude from Oklahoma taxable income up to 15% of their investment. Agricultural commodity processing facilities include buildings, fixtures, and improvements used to process or package agricultural commodities, as long as more than mere storage, cleaning or transporting takes place in the facility. Individual investors, or the entity owned by such investors, may take the exclusion. Certain dairy operations may also qualify.

No more than a total of \$1,000,000 annually may be excluded by all qualified investors. The Oklahoma Tax Commission applies a formula to reduce the percentage allowable to assure exclusions do not exceed the \$ 1,000,000

total. Excluded amounts may be carried over for six years. The exclusion is taken on the income tax return at the end of the tax year, and for the five years following, if not fully depleted.

11. Computer, Data Processing, Research and Development Jobs Income Tax Credit

(68 O.S. 54006)

Downloads:

[Download the Oklahoma Other Credits Form – 511CR](#)

A state income tax credit is available for up to 8 years for a net increase in the number of full-time equivalent employees engaged in computer services, data processing or research and development. The credit is based on employees whose annual wages are at least \$35,000. The credit allowed is \$500 per employee, up to 50 employees. This credit is not available to participants in the Quality Jobs Program.

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. New Markets Tax Credits

(26 U.S.C. § 45D)

For more information contact Rural Enterprises of Oklahoma, Inc. (REI) at (800) 658-2823 or Debbie Partin at debbiep@ruralenterprises.com, Meta Fund, Inc. at (405) 949-0001 or info@metafund.org, or contact New Markets Redevelopment LP at (405) 842-0100.

Three Oklahoma organizations have been selected as eligible Community Development Entities (CDEs) for purposes of the New Markets Tax Credits on behalf of the US Department of Treasury. The CDEs are the REI New Markets Investment, LLC; Meta Fund, Inc.; and New Markets Redevelopment LP. Eligible investors in these organizations may qualify for federal income tax credits when the organizations invest in underserved low-income communities. The credits are five percent (5%) of investment for the first three years of the credit and six percent (6%) for the last four years of the credit, for a total of 39% of investment over the seven years of credit period.

Oklahoma State Tax Credits

Oklahoma State Tax Credits are also available through REI New Markets Investment, LLC in conjunction with the New Markets Tax Credit Program.

The Oklahoma State Tax Credit programs offers a 20% tax credit for investment in a business located in a metropolitan area and a 30% tax credit for investment in a business located in a rural area. Proceeds of investment must be used to make a subordinated loan to, or investment in, an "Oklahoma small business venture."

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 helpmaster@oktax.state.ok.us. For forms, visit www.oktax.state.ok.us.

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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) 524-1357, ext. 228 or cstratton@ocast.state.ok.us.

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 Recipient 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. The Welfare-to-Work Tax Credit (WTW)

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

Downloads:

[Welfare-to-Work FAQ](#)
[Welfare-to-Work Credit Form - 8861](#)

The tax credit is as much as \$8,500 per new hire: 35% of qualified wages for the first year of employment and 50% for the second year of employment. Qualified wages, including tax-exempt amounts received under health and accident plans, as well as educational and dependent assistance programs, are capped at \$10,000 per year. Hires must work at least 400 hours or 180 days. The credit is part of the general business credit. See IRS forms 5884, 8850 and 8861. Congress has authorized the WTW until December 31, 2005.

3. Federal Empowerment Zone Incentives

For more information contact the City of Oklahoma City at (405) 297-3838 or paul.newmark@okc.gov or 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.

IV. 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. Aircraft Maintenance Facilities

(68 O.S. § 1357 [20] [28])

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 at aircraft maintenance facilities operated by an air common carrier that employs at least 2,000 workers for aircraft and aircraft parts are exempt from sales tax.

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.

3. 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 7372 and 7373 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 7374 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.

4. Aircraft 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.

In addition, Oklahoma also 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.

5. Excise Tax On Aircraft Sales

(68 O.S. §§ 6001 et seq.)

Generally, excise tax in lieu of sales tax is imposed on the sale, transfer or lease of aircraft that will be based in Oklahoma. However, resident taxpayers purchasing an aircraft with a selling price in excess of \$5 million may request that the excise tax paid be designated to a specific general aviation airport owned or controlled by an airport sponsor, public entity or municipality in this state for certified improvement(s) to the airport. 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.

6. 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.

7. 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.

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 SIC Codes 7372-7375 (Computer services and data processing) and 8731-8734 (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 7374, 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 O.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 creates 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 (\$300,000,000.00) 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.

V. 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 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 WKanook@Mac.Com. For more information on the Port of Muskogee Zone contact Scott Robinson at (918) 682-7886 or scott@muskogeeport.com. For more information on the International Business Park in Durant Zone contact Joy Rambo at (580) 924-5094.

Foreign-Trade Zones are a 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 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 International 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 mile radius service area in central Oklahoma. The Zone has expanded dramatically beyond its original locations, which were Will Rogers World Airport and Biagi Warehouse.

Additions to the General Purpose Zone have included eleven sites in the Oklahoma City Area, with more coming on line:

- Mid America Business Park I and II;
- South River Industrial Park;
- Western Heights Properties' Industrial Park;
- Oklahoma City Trust
- Authority's Airport NE;
- Kelley Pointe Industrial Park, Edmond;
- Kelley Avenue International Trade Center;
- Tower Industrial Park, Tract II in Moore.
- Chickasaw 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.

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 and 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 54,001 pounds or more, the excise tax is \$10. 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) 815-5216 or info@odoc.state.ok.us. 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.

VI. 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 jill@oklahomafilm.org.

The Oklahoma Film Enhancement Rebate Act allows a rebate of up to 15% 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 \$500,000 with a minimum of \$300,000 spent in Oklahoma. 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 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 jill@oklahomafilm.org

Offers companies building facilities in Oklahoma state income tax credits ranging from 10% on a minimum \$500,000 construction project to 25% for projects over \$1 million. Credit cannot exceed Oklahoma taxpayer's liability. Credit is non-assignable and non-transferable.

VII. 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. OIFA 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 million 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/> (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 is 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 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. Empowerment Zone Facility Bonds

(26 U.S.C. § 1394 et seq.)

For more information contact the City of Oklahoma City paul.newmark@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.

6. Sales Tax Financing

(68 O. S. § 1370) (68 O.S. § 2701)

For more information, contact the Oklahoma Department of Commerce at (405) 815-5148 or 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. Private Activity Bond Allocation

(62 O. S. §§ 695. 23 et seq.)

For more information contact the state Bond Advisor's Office at (405) 602-3100. Visit www.okbonds.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 \$304 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.

8. Rural Economic Development Loan Program

(62 O.S. §§ 90.1 through 90.9) (68 O.S. § 2370)

For more information, contact the Oklahoma Department of Agriculture at (405) 521-3864.

Banks and savings and loan associations may pledge between three to ten million dollars (\$3,000,000-\$10,000,000) to the Rural Economic Development Revolving Loan fund within the state Treasury. The Program's review board and the Secretary of Agriculture manage and approve use of the fund in conjunction with participating financial institutions. Loans are at below market interest rates set by the lender. Credits may offset the amount of any Oklahoma tax liability resulting to the lender as a result of the loan transaction. Privilege tax credits are for 5% of new payroll resulting from the loan.

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) 522-4235. 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 OCIB's 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) 815-5216, (800) 879-6552 ext. 5216 or barry_clark@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, Asst. V.P. for Technology Development, Oklahoma State University – Technology Transfer Office at (405) 744-6930 or at Steven.Price@okstate.edu.
- Colin FitzSimons, University of Oklahoma - Office of Technology Development at (405) 325-3800 or cfitzsimons@ou.edu.
- Al Soltow, University of Tulsa at (918) 631-2766 or 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 - Turning Innovation into Enterprise

(74 O.S. §§ 5060.20 [a] [b])

For more information contact i2E at (405) 235-2305 or gmain@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 a new \$7 million seed capital fund.

3. Basic and Applied Research and Technology Programs

(74 O.S. §§ 5060.1 et seq.)

For more information contact OCAST at (405) 524-1357 or visit www.ocast.state.ok.us

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.

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 2006 the Board has extended \$41.6 million in aggregate commitments to nine funds in its new portfolio. This brings the Board's total committed amount to \$67.5 million in seventeen funds. Three of the Board's recent commitments are headquartered in Oklahoma.

Closed Venture Investment Program commitments as of 6/30/06 include:

Portfolio III

- **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 million dollar early-stage partnership focused on healthcare companies.
- **Dolphin Communications Fund II.** A \$6 million dollar commitment in a \$147 million dollar early to expansion-stage partnership that focuses on communications companies.

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 million dollar 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.

Portfolio I

- **Chisholm Private Capital Partners.** A \$3.4 million dollar commitment to a group with \$13.3 million dollar in aggregate commitments 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.

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 \$39 million dollars in Oklahoma loans in the program.

2. 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.

D. 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 and or grants/loans 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 \$10,000 of investment by CDBG. Projects may be funded up to a maximum of \$500,000 through a loan/grant combination. The first \$100,000 may be in the form of a grant and the remaining amount, up to \$400,000, in the form of a loan.

E. 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's 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

For more information, contact the Oklahoma Department of Commerce Research Division at (800) 879-6552. Visit www.OKcommerce.gov/data to download a survey.

A joint effort of the Oklahoma Department of Commerce, the University of Oklahoma's Public Opinion Learning Laboratory, and community economic development organizations across the state, the 2005 series of local area labor force studies provides a variety of statistics and analysis about Oklahoma's workforce, including:

- Profile of local labor force;
- Numbers of the underemployed;
- Commuting patterns;
- Willingness to change employers;
- Educational levels of Oklahoma's labor pool.

To view the studies, visit the Commerce website at www.OKcommerce.gov/data and click on Workforce Data in the navigation bar on the left.

3. Job Matching

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.

4. Workforce Investment Act

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.

The passage of the Workforce Investment Act (WIA) of 1998 represents the nation's attempt to align the delivery of employment and training programs with a "no wrong door" approach providing services for employers and job seekers. The Governor's Council for Workforce and Economic Development and Local Workforce Investment Boards (LWIB) are working together to stay responsive to changing needs in local economies.

Oklahoma has twelve Workforce Investment Areas under the Act, 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. Oklahoma's boards and contacts are available on the web site, <http://www.okcommerce.gov/council>.

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. Training funds for enhancing the skills of Oklahoma's current workforce are available through these workforce investment act programs.

For additional information please visit www.okcommerce.gov/council or www.oesc.state.ok.us.

5. 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.

VIII. 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. 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.

Corporations must maintain a registered office and registered agent whose address is identical to the registered office address. The agent may be an individual, a domestic corporation, which may be itself or a foreign corporation authorized to transact business in Oklahoma.

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. The filing fee for a not for profit corporation is \$300.

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 another legal entity authorized to transact business in Oklahoma. A service agent fee of \$100 per year is due upon qualification and with the annual franchise tax return each year thereafter. The fee is payable to the Oklahoma Tax Commission.

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. An annual fee of \$40 must be paid to the Secretary of State for acting as a registered agent. Foreign LLCs may register with the Secretary of State by filing an application for registration and paying a filing fee of \$300.

4. 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.

5. Business Licenses

(74 O.S. § 5058.4)

The Oklahoma Department of Commerce assists businesses in identifying state licenses and permits 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)

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. Below is the tax table for individual state income tax for the 2007 tax year.

Oklahoma Tax Tables for tax year 2007
 (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	1,000	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	7,500	40.00	2.00%	5,000	2,500	3,750	20.00	2.00%	2,500
7,500	9,800	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	5.65%	15,000	8,700	and above	246.50	5.65%	7,700

NOTE: Method 2 eliminated

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 15 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 15, June 15, September 15 and January 15; however, if the tax return is filed and payment made by January 31, the January 15 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 1.

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 1 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 1. If one-half of the tax is paid on or before January 1, the remaining one half may be paid any time until April 1 without accruing interest. Mortgagees paying taxes on behalf of mortgagors must pay the entire tax no later than December 31. 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 has 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 15 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 been paid by July 31 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 1 or the date of the income tax year of the taxpayer, and is considered delinquent September 1, or the date the income tax return of taxpayer becomes delinquent.

6. Workers' Compensation Insurance

For more information and forms contact the Workers' Compensation Court at (405) 522-8600. A comprehensive Workers' Compensation reform bill was passed and signed during the 2005 legislative session. An estimated \$120 million in savings to the state's businesses is projected, and many groups are calling it "probably the best workers' compensation reform bill ever seen in Oklahoma". The savings will be achieved by reducing medical cost, encouraging better management of medical care, eliminating dualing doctors, encouraging settlement of claims, promoting competition among insurers and decreasing litigation, among other things. The measure will drive down costs and premiums associated with Oklahoma's workers' compensation system.

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.

IX. Appendix

A. Overview

This information is for planning purposes only. Generally, the Oklahoma Tax Commission determines when tax incentives apply.

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. 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	<input checked="" type="checkbox"/> Unless Taking #4 or 5			<input checked="" type="checkbox"/> Unless Taking #1	<input checked="" type="checkbox"/> Unless Taking #1	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	
Medium-Size Manufacturers \$1 Million New Payroll		<input checked="" type="checkbox"/> Unless Taking #4 or 5		<input checked="" type="checkbox"/> Unless Taking #2	<input checked="" type="checkbox"/> Unless Taking #2	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	
Small Business-Manufacturers 90 or less Employees at application			<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/> Unless Taking #3		<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	
Aircraft Maintenance	<input checked="" type="checkbox"/> Unless Taking #2, 3, 4 or 5	<input checked="" type="checkbox"/> Unless Taking #1, 3, 4 or 5	<input checked="" type="checkbox"/> Unless Qualifying for #1 or 2	<input checked="" type="checkbox"/> Unless Taking #1, 2 or 3	<input checked="" type="checkbox"/> Unless Taking #1, 2 or 3	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	Repair Parts	
Computer Services or Data Processing	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/> Unless Qualifying for #1	<input checked="" type="checkbox"/> Unless Qualifying for #1 or 2		<input checked="" type="checkbox"/> Unless Taking #1, 2, 3 or 9	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/> Unless Taking #1, 2, 3
Research and Development	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/> Unless Qualifying for #1	<input checked="" type="checkbox"/> Unless Qualifying for #1 or 2		<input checked="" type="checkbox"/> Unless Taking #1, 2, 3	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	Repair Parts	<input checked="" type="checkbox"/>
Large Service Companies \$2.5 Million New Payroll	<input checked="" type="checkbox"/>					<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>			
Small Business Service Companies		<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/> Unless Qualifying for #2				<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		

2. Business Incentive Analysis Examples

Example A - Electronic Components: (NAICS 33441) • \$30 million investment 650 jobs • Salary \$30k/year

	Expected	Length
1a Quality Jobs	\$9,750,000 (in 5% area)	10 years
	\$8,729,526 (not in 5% area)	10 years
1b Alternative to Quality Jobs		
– Investment/Jobs Tax Credit	\$3,087,500 (in an EZ)	5 years
	\$1,543,750 (not in an EZ)	5 years
– Sales Tax Reimbursements on Construction Materials	\$477,375	One-Time
2 Five-Year Property Tax Exemption	\$1,670,478	Five Years
3 Freeport Tax Exemption	\$297,646	Annual
4 Sales Tax Exemption on Machinery and Equipment	\$1,282,500	One-Time
5 Sales Tax Exemption on Goods Consumed in Mfg. Process	\$5,852,185	Annual
6 Sales Tax Exemption on Energy Use in Mfg. Process	\$171,559	Annual
Estimated Total Value of Incentives Over 10 Years		
*With 1a, Quality Jobs Cash Incentive	\$75,827,815 (assuming 5% area)	
*With 1b, Investment Tax Credit Package	\$74,807,341 (assuming an EZ)	

Example B - Data Center: (NAICS 5182) • \$100 million investment 500 jobs • Salary \$50k/year

	Expected	Length
1a Quality Jobs	\$12,500,000 (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	\$5,950,738	Five Years
3 Freeport Tax Exemption	Not Eligible	Annual
4 Sales Tax Exemption on Machinery and Equipment	6,762,813	
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	\$25,213,551 (assuming 5% area)	

Example C - Fabricated Metal Products: (NAICS 33232) • \$1.5 million investment 75 jobs • Salary \$25k/year

	Expected	Length
1. Investments / Jobs Tax Credit (Location in Enterprise Zones)	\$356,250	10 years
2 Five-Year Property Tax Exemption	\$57,871	5 years
3 Freeport Tax Exemption	\$14,541	Annual
4 Sales Tax Exemption on Machinery and Equipment	\$83,125	One-Time
5 Sales Tax Exemption on Goods Consumed in Mfg. Process	\$499,573	Annual
6 Sales Tax Exemption on Energy Use in Mfg. Process	\$10,040	Annual
Estimated Total Value of Incentives Over 5 Years	\$5,738,793	

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.

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.

State Corporate Tax Rate Sales Tax Rate

State	Corporate Tax Rate	Sales Tax Rate
Alabama	6.50%	6.00%
Alaska	1.00-9.40%	Local Only
Arizona	6.969%	5.60%
Arkansas	1.00-6.50%	6.00%
California	8.84%	0.72%
Colorado	4.63%	2.90%
Connecticut	7.50%	6.00%
Delaware	8.70%	None
District of Columbia	9.975%	5.75%
Florida	5.50%	9.17%
Georgia	6.00%	4.00%
Hawaii	4.40%-6.40%	4.00%
Idaho	7.60%	None
Illinois	4.80%	7.00%
Indiana	8.50%	6.00%
Iowa	6.00-12.00%	5.00%
Kansas	4.00%*	5.30%
Kentucky	4.00-7.00%	6.00%
Louisiana	4.00-8.00%	3.00%
Maine	3.50%-8.93%	5.00%
Maryland	7.00%	5.00%
Massachusetts	9.50%	5.00%
Michigan	1.90%	6.00%
Minnesota	9.80%	6.50%
Mississippi	3.00-5.00%	7.00%
Missouri	6.25%	4.225%
Montana	6.75%	3.75%
Nebraska	5.58%-7.81%	5.50%
Nevada	None	None
New Hampshire	8.50%	7.00%
New Jersey	9.00%	6.00%
New Mexico	4.80%-7.60%	5.00%
New York	7.50%	4.00%
North Carolina	6.90%	7.00%
North Dakota	2.60-7.00%	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%	5.00%
South Dakota	None	4.00%
Tennessee	6.50%	7.00%
Texas	4.50%**	6.25%
Utah	5.00%	5.75%
Vermont	7.00-9.75%	6.00%
Virginia	6.00%	None
Washington	None	6.50%
West Virginia	9.00%	None
Wisconsin	7.90%	5.00%
Wyoming	None	4.00%

*3.35% Surtax on over \$50k

**4.5% Franchise or Tax

Source: RIA Checkpoint

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

↓

(5) 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

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

Three-Factor Formula:		63 $\frac{1}{3}$ %
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 O. S. § 690.1 et seq.)

For more information, contact the Oklahoma Department of Commerce at (405) 815-5383; or deidre_myers@odoc.state.ok.us. 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 supplant local tax revenue dedicated to support a project located in an enterprise zone. At a minimum, all projects must meet the following requirements.

- Project must be located entirely within an enterprise zone;
- No more than (10%) of the net leasable space may be used for retail purposes;
- State payments cannot be used to supplant local revenue currently being expended within the increment district boundaries. The application must be for a future project as opposed to a project already in progress;
- 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 Project must include the commitment of local government entity; and
- The project meets the time deadlines set forth in 62 O.S. § 842(l)

B. Oklahoma Enterprise Zones List 2007-2008

The following pages list Oklahoma's Enterprise Zones by breaking the information down into 4 sections (the first section is updated annually, the second, third, and fourth sections are updated as appropriate). It is possible that an area may be listed under more than one section or just under a single section. As long as an area is listed under at least one of these sections, 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, or if you would like to apply for Enterprise Zone recognition, contact Steve Barker with the Oklahoma Department of Commerce at (405) 815-5182 or by e-mail at steven_barker@okcommerce.gov.

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, 1996 and July 1, 2006		
Alfalfa	Dewey	Kiowa
Beaver	Ellis	Major
Beckham	Grant	McCurtain
Caddo	Greer	Noble
Cimarron	Harmon	Roger Mills
Coal	Harper	Seminole
Comanche	Jackson	Tillman
Cotton	Jefferson	Washita
Custer	Kay	Woods

Unincorporated Areas In The Following Counties Qualify Because They Are Among The Lowest 25 Counties Based On 2005 Per Capita Personal Income		
Adair	Hughes	Okfuskee
Alfalfa	Jefferson	Okmulgee
Atoka	Johnston	Pushmataha
Blaine	Le Flore	Seminole
Caddo	Lincoln	Sequoyah
Cherokee	Marshall	Tillman
Choctaw	Mayes	Washita
Cimarron	McIntosh	
Coal	Nowata	

DISCLAIMERS

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This document lists areas recognized as Enterprise Zones for the period between July 1, 2007 and June 30, 2008.

2. CITY/COUNTY LISTING

The communities listed under this section qualify either because they had been recognized as an Enterprise Zone prior to July 1, 2000 and remain qualified under a grandfather clause, or because they have made application for and qualify to be recognized as Enterprise Zones following the guidelines that went into effect after July 1, 2000.

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 (see section 3 for included Census Tracts)	
Altus (<i>Jackson Co.</i>)	McAlester (<i>Pittsburgh Co.</i>)
Ardmore (<i>Carter Co.</i>)	Midwest City (<i>Oklahoma Co.</i>)
Bartlesville (<i>Washington Co.</i>)	Muskogee (<i>Muskogee Co.</i>)
Billings (<i>Noble Co.</i>)	Newkirk (<i>Kay Co.</i>)
Blackwell (<i>Kay Co.</i>)	Norman (<i>Cleveland Co.</i>)
Catoosa (<i>Rogers Co.</i>)	Oklahoma City (<i>Oklahoma Co.</i>)
Clinton (<i>Custer Co.</i>)	Owasso (<i>Tulsa Co.</i>)
Duncan (<i>Stephens Co.</i>)	Pryor Creek (<i>MAIP</i>) (<i>Mayes Co.</i>)
Elk City (<i>Beckham Co.</i>)	Sand Springs (<i>Tulsa Co.</i>)
Enid (<i>Garfield Co.</i>)	Sapulpa and Creek Co. (<i>Creek Co.</i>)
Fairview (<i>Major Co.</i>)	Shawnee (<i>Pottawatomie Co.</i>)
Guthrie (<i>Logan Co.</i>)	Sulphur (<i>Murray Co.</i>)
Guymon (<i>Texas Co.</i>)	Tonkawa (<i>Kay Co.</i>)
Lawton (<i>Comanche Co.</i>)	Tulsa (<i>Tulsa Co.</i>)
Madill (<i>Marshall Co.</i>)	Wagoner (<i>Wagoner Co.</i>)

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This document lists areas recognized as Enterprise Zones for the period between July 1, 2007 and June 30, 2008.

2. 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.)	

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This document lists areas recognized as Enterprise Zones for the period between July 1, 2007 and June 30, 2008.

3. CENSUS TRACT LISTING

The following Census Tracts are recognized as Enterprise Zones either because they were so recognized prior to July 1, 2000 and remain qualified under a grandfather clause, or because the local governing entity applied for Enterprise Zone recognition and the area met the necessary criteria. Census Tract maps are available from multiple sources, including the Census Bureau and the Oklahoma Department of Commerce. To determine which Census Tract applies in a given situation, you can 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 Steve Barker with the Oklahoma Department of Commerce at (405) 815-5182 or by e-mail at steven_barker@okcommerce.gov

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

Adair - 9766, 9767, 9768, 9769, 9770	Grady - 0001, 0002, 0003, 0004, 0007, 0009.02
Alfalfa - 9560	Greer - 9671, 9672
Atoka - 9876, 9877, 9878, 9879	Harmon - 9678
Beckham - 9661, 9665, 9668	Haskell - 9791, 9792, 9793, 9794
Blaine - 9587, 9589, 9590	Hughes - 9846, 9847, 9848, 9849, 9850
Bryan - 9956, 9957, 9959, 9960, 9962, 9963, 9964, 9965, 9966	Jackson - 9682, 9683, 9685, 9686, 9687, 9688
Caddo - 9616, 9617, 9618, 9619, 9621, 9622, 9623	Jefferson - 9716, 9717, 9718
Canadian - 3003, 3004, 3005	Johnston - 9901.98, 9902, 9903
Carter - 9921, 9922, 9923, 9924, 9925, 9928, 9931	Kay - 0001, 0004, 0005, 0010, 0011
Cherokee - 9776, 9777, 9778, 9779, 9780, 9781, 9782, 9783	Kiowa - 9637, 9642
Choctaw - 9969, 9970, 9971, 9972, 9973	Latimer - 9871, 9872, 9873
Cleveland - 2001, 2002, 2005, 2006.01, 2006.02, 2007, 2012.01, 2012.02, 2012.03, 2013.01, 2016.03, 2016.04, 2024.05, 2026	Le Flore - 0401.02, 0401.98, 0402.98, 0403.01, 0403.02, 0404, 0405, 0406, 0407
Coal - 9881, 9882	Lincoln - 9811, 9812, 9815, 9816
Comanche - 0001, 0002, 0003, 0004.01, 0005.02, 0008, 0010, 0011, 0012, 0013, 0014, 0015, 0016, 0017, 0019.02, 0024	Logan - 6002
Cotton - 9712	Love - 9941
Craig - 9731, 9733	McClain - 4004
Creek - 0201.02, 0206.02, 0207.02, 0207.04, 0207.05, 0207.07, 0210, 0211.01, 0211.02, 0213	McCurtain - 9982, 9985, 9986, 9987, 9988, 9989
Custer - 9508, 9606	McIntosh - 9797, 9798, 9799, 9802
Delaware - 9759, 9760, 9761, 9762	Mayes - 0401, 0404, 0405, 0406, 0407
Dewey - 9592	Muskogee - 0001, 0002, 0003, 0004, 0005, 0006, 0007, 0009, 0015, 0016
Garfield - 0001, 0002, 0007, 0015	Mayes - 0401, 0404, 0405, 0406, 0407
Garvin - 9911, 9914, 9915, 9916, 9918, 9919	Muskogee - 0001, 0002, 0004, 0005, 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 Zone are as follows: Central Oklahoma City area, Ada area, and the Southeast Oklahoma area.

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This document lists areas recognized as Enterprise Zones for the period between July 1, 2007 and June 30, 2008.

7. Key Business Contacts and Oklahoma State Resources

Governor Brad Henry

Room 212, State Capitol
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Phone: (405) 521-2345

Lieutenant Governor Jari Askins

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Phone: (405) 521-3912
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Scott Meacham

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Phone: (405) 521-3191

Oklahoma Department of Commerce

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Natalie Shirley

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Norma Noble

Deputy Secretary of Commerce for Workforce Development
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Vaughn Clark

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Phone: (405) 815-5370

Barry Clark

Director of Global Business Services
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Jonna D. Kauger Kirschner

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Commissioners of the Land Office

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CompSource Oklahoma

(State Workers' Compensation Fund)

Barb Drollinger

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**Oklahoma Department of
Environmental Quality**

Chris Armstrong

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**Industrial Access Road Program
Department of Transportation**

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