



## *fast forward*

### Quality Jobs + Investment Tax Credits

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**The QJ + ITC incentive creates:**

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

**Qualifying Requirements:**

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

### OK Community Economic Development Pooled Finance

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**The Pooled Finance incentive creates:**

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

**Key Points:**

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

# 21<sup>st</sup> Century Quality Jobs

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## **The 21<sup>st</sup> Century QJ creates:**

1. An incentive that targets and promotes indisputably impactful high wage jobs without competing with existing incentives;
2. A foundation of attracting 21<sup>st</sup> Century growth industries and sectors to Oklahoma; and
3. A policy of incentivizing businesses with a high skilled, knowledge-based workforce.

## **Key Points:**

- Positions OK to diversify its economy by developing clusters around knowledge-based, service industries such as:
  - Professional, Scientific and Technical Services
  - Finance and Insurance, Management of Companies and Enterprises
  - Information, Music, Film and Performing Arts
  - Specialty Hospitals (Health Care)
  - Utilities (Wind production)
- Requires at least 10 fulltime jobs at an annual wage of the lesser of \$86,637 or 300% of the county's average wage.
- Maximizes the eligible incentive payment by incorporating expanded state benefits by allowing a net benefit rate of up to 10% of payroll.
- There are two net benefit rates in the 21<sup>st</sup> Century Program, an "Initial Benefit Rate" and the "Fulfillment Net Benefit Rate"
- The Initial Net Benefit Rate is calculated similar to the Quality Jobs net benefit rate by taking into account the state's direct benefits and direct costs associated with the project. However, the Initial Net Benefit rate is allowed to increase up to 7% rather than be capped at 5% as with the regular QJ program.
- The Fulfillment Net Benefit Rate incorporates indirect costs and benefits into the calculations and is allowed to increase up to 10% once the company hires/maintains 10 fulltime jobs. If the company drops below the 10 fulltime jobs, then the initial net benefit rate would be applicable.
- Reduces the out-of-state sales requirement from 75% to 50%.
- Applies for a total of 10 years and becomes effective November 1, 2009.

# Prime Contractor

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## **The Prime Contractor incentive creates:**

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

## **Key Points:**

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