

1 amount equal to the net benefit rate multiplied by the actual gross
2 taxable payroll of new direct jobs as verified by the Tax
3 Commission.

4 B. In order to receive incentive payments, an establishment
5 shall apply to the Oklahoma Department of Commerce. The application
6 shall be on a form prescribed by the Department and shall contain
7 such information as may be required by the Department to determine
8 if the applicant is qualified. The establishment may apply for an
9 effective date for a project, which shall not be more than twelve
10 (12) months from the date the application is submitted to the
11 Department.

12 C. Before approving an application for incentive payments, the
13 Department must first determine that the applicant meets the
14 following requirements:

15 1. Be engaged in a basic industry;

16 2. Has no more than ~~ninety~~ five hundred full-time employees in
17 this state on the date of application nor an average of more than
18 ~~ninety~~ five hundred full-time employees in this state during the
19 four calendar quarters immediately preceding the date of
20 application;

21 3. Has a projected minimum employment, as determined by the
22 Department, of new direct jobs within twelve (12) months of the date
23 of application, or after July 1, 2011, within twenty-four (24)
24 months of the date of application, as follows:

1 a. if the establishment is located in a municipality with
2 a population less than three thousand five hundred
3 (3,500) persons, as determined by the Department of
4 Commerce based on the most recent U.S. Department of
5 Commerce data, or if the establishment is located in
6 an unincorporated area and the largest municipality
7 within twenty (20) miles of the establishment is such
8 a municipality, ~~five~~ new direct jobs equal to the
9 greater of five (5) jobs or five percent (5%) of the
10 company's full-time employment at the date of
11 application,

12 b. if the establishment is located in a municipality with
13 a population of three thousand five hundred (3,500)
14 persons or more but less than seven thousand (7,000)
15 persons, as determined by the Department of Commerce
16 based on the most recent U.S. Department of Commerce
17 data, or if the establishment is located in an
18 unincorporated area and the largest municipality
19 within twenty (20) miles of the establishment is such
20 a municipality, ~~ten~~ new direct jobs equal to the
21 greater of ten (10) jobs or seven and one-half percent
22 (7.5%) of the company's full-time employment at the
23 date of the application, and

1 c. if the establishment is located in a municipality with
2 a population of seven thousand (7,000) persons or
3 more, as determined by the Department of Commerce
4 based on the most recent U.S. Department of Commerce
5 data, or if the establishment is located in an
6 unincorporated area and the largest municipality
7 within twenty (20) miles of the establishment is such
8 a municipality, ~~fifteen~~ new direct jobs equal to the
9 greater of fifteen (15) jobs or ten percent (10%) of
10 the company's full-time employment at the date of
11 application.

12 Provided, for an establishment engaged in software publishing as
13 defined or classified in the NAICS Manual under Industry Group No.
14 5112, data processing, hosting and related services as defined or
15 classified in the NAICS Manual under Industry Group No. 5182,
16 computer systems design and related services as defined or
17 classified in the NAICS Manual under Industry Group No. 5415,
18 scientific research and development services as defined or
19 classified in the NAICS Manual under Industry Group No. 5417,
20 medical and diagnostic laboratories as defined or classified in the
21 NAICS Manual under Industry Group No. 6215 or testing laboratories
22 as defined or classified in the NAICS Manual under U.S. Industry No.
23 541380, the projected minimum employment requirements of this
24

1 paragraph must be achieved within thirty-six (36) months of the date
2 of application;

3 4. Has or will have within twelve (12) months of the date of
4 application, or after July 1, 2011, within twenty-four (24) months
5 of the date of application, as determined by the Department, sales
6 of at least seventy-five percent (75%) of its total sales to out-of-
7 state customers or buyers, to in-state customers or buyers if the
8 product or service is resold by the purchaser to an out-of-state
9 customer or buyer for ultimate use, or to the federal government,
10 except that:

11 a. those establishments in the NAICS Manual under the
12 U.S. Industry No. 541710 or 541380 are excused from
13 the seventy-five percent (75%) out-of-state sales
14 requirement,

15 b. warehouses that serve as distribution centers for
16 retail or wholesale businesses shall be required to
17 distribute forty percent (40%) of inventory to out-of-
18 state locations, and

19 c. adjustment and collection services activities defined
20 or classified in the NAICS Manual under U.S. Industry
21 No. 561440 shall be required to have seventy-five
22 percent (75%) of loans to be serviced made by out-of-
23 state debtors;

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1 5. Will pay the individuals it employs in new direct jobs an
2 average annualized wage which equals or exceeds:

3 a. one hundred twenty-five percent (125%) of the average
4 county wage of small employers located in that county
5 as that percentage is determined by the Department of
6 Commerce based on the most recent wage and employment
7 data from the Oklahoma Employment Security Commission
8 for the county in which the new direct jobs are
9 located. For purposes of this subparagraph, health
10 care premiums paid by the applicant for individuals in
11 new direct jobs shall be included in the annualized
12 wage, or

13 b. one hundred ten percent (110%) of the average county
14 wage of small employers located in that county as that
15 percentage is determined by the Department of Commerce
16 based upon the most recent wage and employment data
17 from the Oklahoma Employment Security Commission for
18 the county in which the new direct jobs are located.
19 For purposes of this subparagraph, health care
20 premiums paid by the applicant for individuals in new
21 direct jobs shall not be included in the annualized
22 wage, or

23 c. one hundred percent (100%) of the average county wage,
24 excluding health care premiums paid by the applicant

1 for individuals in new direct jobs if the county in
2 which the new jobs are located has:

3 (1) according to the most recent annual determination
4 by the Oklahoma Employment Security Commission, a
5 county unemployment rate more than ten percent
6 (10%) higher than the state unemployment rate,
7 and

8 (2) according to the most recent United States Census
9 Bureau Data, a county personal poverty rate above
10 fifteen percent (15%);

11 6. Has a basic health benefit plan which, as determined by the
12 Department, meets the elements established under divisions (1)
13 through (7) of subparagraph b of paragraph 1 of subsection A of
14 Section 3603 of this title and which will be offered to individuals
15 within twelve (12) months of employment in a new direct job;

16 7. Has not received incentive payments under the Oklahoma
17 Quality Jobs Program Act, the Saving Quality Jobs Act, or the Former
18 Military Facility Development Act; and

19 8. Is not qualified for approval of an application for
20 incentive payments under the Oklahoma Quality Jobs Program Act, the
21 Saving Quality Jobs Act, or the Former Military Facility Development
22 Act.

23 D. The Oklahoma Department of Commerce shall determine if an
24 applicant is qualified to receive the incentive payment. Upon

1 qualifying the applicant, the Department shall notify the Tax
2 Commission and shall provide it with a copy of the application, and
3 approval which shall provide the number of persons employed by the
4 applicant upon the date of approval and the maximum total incentives
5 which may be paid to the applicant during the seven-year period.
6 The Tax Commission may require the qualified establishment to submit
7 additional information as may be necessary to administer the
8 provisions of the Small Employer Quality Jobs Incentive Act. The
9 approved establishment shall report to the Tax Commission quarterly
10 to show its continued eligibility for incentive payments, as
11 provided in Section 3905 of this title. Establishments may be
12 audited by the Tax Commission to verify such eligibility. Once the
13 establishment is approved, an agreement shall be deemed to exist
14 between the establishment and the State of Oklahoma, requiring
15 incentive payments to be made for a seven-year period as long as the
16 establishment retains its eligibility and within the limitations of
17 the Small Employer Quality Jobs Incentive Act which existed at the
18 time of such approval. Any establishment which has been approved
19 for incentive payments prior to July 1, 2002, shall continue to
20 receive such payments pursuant to the laws as they existed prior to
21 July 1, 2002, for any period of time of the original five-year
22 period for such payments remaining after July 1, 2002.

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1 SECTION 2. This act shall become effective November 1, 2018.

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3 COMMITTEE REPORT BY: COMMITTEE ON APPROPRIATIONS AND BUDGET, dated
4 04/03/2018 - DO PASS.

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