

1 STATE OF OKLAHOMA

2 2nd Session of the 60th Legislature (2026)

3 COMMITTEE SUBSTITUTE

4 FOR

5 HOUSE BILL NO. 3942

6 By: Kane

7 COMMITTEE SUBSTITUTE

8 An Act relating to public finance; amending 62 O.S.
9 2021, Sections 7004, as amended by Section 2, Chapter
10 125, O.S.L. 2023, and 7005, as amended by Section 3,
11 Chapter 125, O.S.L. 2023 (62 O.S. Supp. 2025,
12 Sections 7004 and 7005), which relate to the
13 Incentive Evaluation Commission; modifying provisions
14 related to communications about incentives; requiring
15 presentation of findings; modifying provisions
16 related to comparison of certain results; providing
17 an effective date; and declaring an emergency.

18 BE IT ENACTED BY THE PEOPLE OF THE STATE OF OKLAHOMA:

19 SECTION 1. AMENDATORY 62 O.S. 2021, Section 7004, as
20 amended by Section 2, Chapter 125, O.S.L. 2023 (62 O.S. Supp. 2025,
21 Section 7004), is amended to read as follows:

22 Section 7004. A. For calendar years 2024 through 2027 and
23 every four (4) years thereafter, the Incentive Evaluation Commission
24 shall ensure that each incentive is evaluated within the four-year
evaluation period unless the Commission determines that the
incentive is exempt from evaluation. The Commission may exempt from
evaluation any incentive that it concludes has a minimal fiscal

1 impact. The Commission shall determine a specific threshold amount
2 which shall be considered as a minimal fiscal impact for the current
3 evaluation cycle. The Commission may also conduct an expedited
4 evaluation for any incentive that has been evaluated at least two
5 times from calendar years 2016 through 2023 and has not had a
6 material change to the program since its prior evaluation. The
7 expedited evaluation will update the prior evaluation's financial
8 and economic impact and findings and recommendations.

9 B. 1. For calendar years 2016 through 2023, the Incentive
10 Evaluation Commission shall develop a four-year schedule for
11 evaluating incentives. The development of the schedule for
12 evaluating the incentives shall take into consideration fiscal
13 impacts to revenues of this state, including but not limited to the
14 General Revenue Fund, the opportunity to group incentives with
15 similar goals and objectives for evaluation, and the ability to
16 obtain sufficient data related to the incentives for evaluation.
17 Each schedule shall include a list of all incentives in the state,
18 including any it exempts from evaluation. In determining whether a
19 program is an incentive, the Incentive Evaluation Commission may
20 consider legislative intent and may also consider whether the
21 program is promoted as an incentive by any state agency. For each
22 incentive listed in the schedule, the Commission shall attempt to
23 identify the goal or goals of the incentive.

1 2. Upon completion of the report and recommendations, the
2 Commission and contractor shall provide the findings and
3 recommendations to the Legislative Office of Fiscal Transparency.

4 C. Upon approval of the schedule, the Commission shall provide
5 the schedule to the Governor, President Pro Tempore of the Senate,
6 and Speaker of the House of Representatives.

7 SECTION 2. AMENDATORY 62 O.S. 2021, Section 7005, as
8 amended by Section 3, Chapter 125, O.S.L. 2023 (62 O.S. Supp. 2025,
9 Section 7005), is amended to read as follows:

10 Section 7005. A. The Commission may contract with a private
11 company, nonprofit, or academic institution to assist with
12 evaluation of each incentive. The Commission shall develop a scope
13 of services for a request for proposals issued pursuant to the
14 Oklahoma Central Purchasing Act, Section 85.1 et seq. of Title 74 of
15 the Oklahoma Statutes, for professional services necessary to
16 complete incentive evaluations pursuant to the Incentive Evaluation
17 Act. The scope of services shall include a provision requiring the
18 contractor to provide at least one draft report for each incentive
19 prior to the issuance of the final report; provided, the contractor
20 may determine the timing and frequency of draft reports based on the
21 availability of information and the potential for draft reports to
22 assist the Commission in making a final recommendation. The cost of
23 such contract shall be paid by the Office of Management and
24 Enterprise Services. No recipient or potential recipient of an

1 incentive or representative of a recipient or potential recipient
2 shall contact the entity or individual with whom the Commission
3 contracts pursuant to this subsection unless the entity or
4 individual specifically requests information or documentation for
5 purposes of the incentive evaluation process; provided, this shall
6 not be construed to prevent participation in a public hearing
7 conducted pursuant to subsection B of this section.

8 B. By October 1 of each year beginning in calendar year 2023,
9 the Commission or the Commission's chosen contractor shall evaluate
10 each incentive scheduled for review that year. The Commission or
11 the Commission's chosen contractor shall conduct each incentive
12 evaluation in consultation with the Oklahoma Department of Commerce
13 division of Research and Economic Analysis Services using criteria
14 developed pursuant to subsection D of this section. Between October
15 1 and November 30 of each year beginning in 2017, the Commission
16 shall hold at least one public meeting to review, allow for public
17 comment, and vote to approve, disapprove, or modify each incentive
18 evaluation conducted that year. By December 15 of each year
19 beginning in 2016, the Commission shall provide the results of each
20 incentive evaluation, a review of prior Commission recommendations,
21 and changes to statute or incentive administration related to
22 incentive evaluation recommendations in a written report to the
23 Governor, President Pro Tempore of the Senate, and Speaker of the
24 House of Representatives. If the Commission votes to modify an

1 incentive evaluation as provided in this subsection, such
2 modification and the original evaluation shall be documented in the
3 annual written report. The report shall be made publicly available
4 on the Oklahoma Department of Commerce website, the Commission
5 website, and documents.ok.gov.

6 C. Each evaluation shall include the following:

7 1. An estimate of the economic and fiscal impact of the
8 incentive. This estimate shall take into account the following
9 considerations in addition to other relevant factors:

10 a. the extent to which the incentive changes business
11 behavior,

12 b. the results of the incentive for the economy of
13 Oklahoma as a whole. This consideration includes both
14 positive direct and indirect impacts and any negative
15 effects on other Oklahoma businesses, and

16 c. a comparison to the results of other incentives or
17 other economic development strategies with similar
18 goals, both within the state and from other states;

19 2. An assessment of whether adequate protections are in place
20 to ensure the fiscal impact of the incentive does not increase
21 substantially beyond the state's expectations in future years;

22 3. An assessment of whether the incentive is being administered
23 effectively;

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1 4. An assessment of whether the incentive is achieving its
2 goals;

3 5. Recommendations for how the state can most effectively
4 achieve the incentive's goals, including recommendations on whether
5 the incentive should be retained, reconfigured, or repealed; ~~and~~

6 6. Recommendations for any changes to state policy, rules, or
7 statutes that would allow the incentive to be more easily or
8 conclusively evaluated in the future. These recommendations may
9 include changes to collection, reporting, and sharing of data, and
10 revisions or clarifications to the goal of the incentive;

11 7. An assessment of whether the incentive furthers a strategic
12 economic goal or industry of the state; and

13 8. An assessment of whether the incentive creates a competitive
14 advantage for the state by evaluating the overall effectiveness of
15 the incentive within the entire economic ecosystem of the state.

16 D. Evaluation criteria shall be developed for each incentive
17 evaluated by the Commission. Each incentive shall be evaluated
18 using criteria specific to the individual incentive. The criteria
19 shall be developed by the Commission through the administrative
20 rulemaking process pursuant to the Administrative Procedures Act,
21 Section 250 et seq. of Title 75 of the Oklahoma Statutes, and
22 codified in the administrative code of the Oklahoma Department of
23 Commerce.

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1 E. At the request of the Incentive Evaluation Commission,
2 unless prohibited by the Oklahoma Constitution, Oklahoma Statutes,
3 or federal law, state agencies shall provide any records,
4 information, data, or data analysis necessary for the Commission or
5 contractors to effectively evaluate incentives. The Commission and
6 contractors shall not disclose or release any data received from
7 other state agencies, except as permitted under law.

8 SECTION 3. This act shall become effective July 1, 2026.

9 SECTION 4. It being immediately necessary for the preservation
10 of the public peace, health or safety, an emergency is hereby
11 declared to exist, by reason whereof this act shall take effect and
12 be in full force from and after its passage and approval.

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