

1 ENGROSSED SENATE
2 BILL NO. 1403

By: Rader of the Senate

3 and

4 Pae of the House
5

6 An Act relating to incentives; amending 68 O.S. 2021,
7 Sections 3604, as last amended by Section 157,
8 Chapter 452, O.S.L. 2024, 3604.1, 3606, as last
9 amended by Section 2, Chapter 29, 1st Extraordinary
10 Session, O.S.L. 2023, 3905, 3914, and 3915 (68 O.S.
11 Supp. 2025, Sections 3604 and 3606), which relate to
12 quality jobs incentives; modifying wage requirement;
13 modifying period for filing a claim for rebate;
14 updating statutory language; updating statutory
15 references; and providing an effective date.

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

17 SECTION 1. AMENDATORY 68 O.S. 2021, Section 3604, as
18 last amended by Section 157, Chapter 452, O.S.L. 2024 (68 O.S. Supp.
19 2025, Section 3604), is amended to read as follows:

20 Section 3604. A. Except as otherwise provided in subsection I
21 or subsection L of this section, an establishment which meets the
22 qualifications specified in the Oklahoma Quality Jobs Program Act
23 may receive quarterly incentive payments for a ten-year period from
24 the Oklahoma Tax Commission pursuant to the provisions of the
Oklahoma Quality Jobs Program Act; provided, such an establishment
defined or classified in the ~~NAICS~~ North American Industry
Classification System (NAICS) Manual under U.S. Industry No. 711211

(2007 version) may receive quarterly incentive payments for a thirty-year period. The amount of such payments shall be equal to the net benefit rate multiplied by the actual gross payroll of new direct jobs for a calendar quarter as verified by the Oklahoma Employment Security Commission. For an establishment defined or classified in the NAICS Manual under U.S. Industry No. 711211 (2007 version) that entered into a contract pursuant to the Oklahoma Quality Jobs Program Act with the Oklahoma Department of Commerce before ~~the effective date of this act~~ November 1, 2023:

1. The contract shall be extended from fifteen (15) years to thirty (30) years; and

2. The extension shall not include additional money awarded but shall allow for payments to continue for the thirty-year period, or until the net benefit for the new direct jobs for the original contract has been fully paid out as calculated based upon the original application.

B. In order to receive incentive payments, an establishment shall apply to the Oklahoma Department of Commerce. The application shall be on a form prescribed by the Department and shall contain such information as may be required by the Department to determine if the applicant is qualified. An establishment may apply for an effective date for a project, which shall not be more than twenty-four (24) months from the date the application is submitted to the Department.

1 C. Except as otherwise provided by subsection D or E of this
2 section, in order to qualify to receive such payments, the
3 establishment applying shall be required to:

4 1. Be engaged in a basic industry;

5 2. Have an annual gross payroll for new direct jobs projected
6 by the Department to equal or exceed Two Million Five Hundred
7 Thousand Dollars (\$2,500,000.00) within three (3) years of the first
8 complete calendar quarter following the start date; and

9 3. Have a number of full-time-equivalent employees subject to
10 the tax imposed by Section 2355 of this title and working an annual
11 average of thirty (30) or more hours per week in new direct jobs
12 located in this state equal to or in excess of eighty percent (80%)
13 of the total number of new direct jobs.

14 D. In order to qualify to receive incentive payments as
15 authorized by the Oklahoma Quality Jobs Program Act, an
16 establishment engaged in an activity described under:

17 1. Industry Group Nos. 3111 through 3119 of the NAICS Manual
18 shall be required to:

19 a. have an annual gross payroll for new direct jobs
20 projected by the Department to equal or exceed One
21 Million Five Hundred Thousand Dollars (\$1,500,000.00)
22 within three (3) years of the first complete calendar
23 quarter following the start date and make, or which
24 will make within one (1) year, at least seventy-five

1 percent (75%) of its total sales, as determined by the
2 Incentive Approval Committee pursuant to the
3 provisions of subsection B of Section 3603 of this
4 title, to out-of-state customers or buyers, to in-
5 state customers or buyers if the product or service is
6 resold by the purchaser to an out-of-state customer or
7 buyer for ultimate use, or to the federal government,
8 unless the annual gross payroll equals or exceeds Two
9 Million Five Hundred Thousand Dollars (\$2,500,000.00)
10 in which case the requirements for purchase of output
11 provided by this subparagraph shall not apply, and

- 12 b. have a number of full-time-equivalent employees
13 working an average of thirty (30) or more hours per
14 week in new direct jobs equal to or in excess of
15 eighty percent (80%) of the total number of new direct
16 jobs; and

17 2. Division (4) of subparagraph a of paragraph 1 of subsection
18 A of Section 3603 of this title, shall be required to:

- 19 a. have an annual gross payroll for new direct jobs
20 projected by the Department to equal or exceed One
21 Million Five Hundred Thousand Dollars (\$1,500,000.00)
22 within three (3) years of the first complete calendar
23 quarter following the start date, and
24

b. have a number of full-time-equivalent employees working an average of thirty (30) or more hours per week in new direct jobs equal to or in excess of eighty percent (80%) of the total number of new direct jobs.

E. 1. An establishment which locates its principal business activity within a site consisting of at least ten (10) acres which:

a. is a federal Superfund removal site,

b. is listed on the National Priorities List established under Section 9605 of Title 42 of the United States Code,

c. has been formally deferred to the state in lieu of listing on the National Priorities List, or

d. has been determined by the Department of Environmental Quality to be contaminated by any substance regulated by a federal or state statute governing environmental conditions for real property pursuant to an order of the Department of Environmental Quality,

shall qualify for incentive payments irrespective of its actual gross payroll or the number of full-time-equivalent employees engaged in new direct jobs.

2. In order to qualify for the incentive payments pursuant to this subsection, the establishment shall conduct the activity resulting in at least fifty percent (50%) of its Oklahoma taxable

1 income or adjusted gross income, as determined under Section 2358 of
2 this title, whether from the sale of products or services or both
3 products and services, at the physical location which has been
4 determined not to comply with the federal or state statutes
5 described in this subsection with respect to environmental
6 conditions for real property. The establishment shall be subject to
7 all other requirements of the Oklahoma Quality Jobs Program Act
8 other than the exemptions provided by this subsection.

9 3. In order to qualify for the incentive payments pursuant to
10 this subsection, the entity shall obtain from the Department of
11 Environmental Quality a letter of concurrence that:

- 12 a. the site designated by the entity does meet one or
13 more of the requirements listed in paragraph 1 of this
14 subsection, and
- 15 b. the site is being or has been remediated to a level
16 which is consistent with the intended use of the
17 property.

18 In making its determination, the Department of Environmental
19 Quality may rely on existing data and information available to it,
20 but may also require the applying entity to provide additional data
21 and information, as necessary.

22 4. If authorized by the Department of Environmental Quality
23 pursuant to paragraph 3 of this subsection, the entity may utilize a
24 remediated portion of the property for its intended purpose prior to

1 remediation of the remainder of the site, and shall qualify for
2 incentive payments based on employment associated with the portion
3 of the site.

4 F. Except as otherwise provided by subsection G of this
5 section, for applications submitted on and after June 4, 2003, in
6 order to qualify to receive incentive payments as authorized by the
7 Oklahoma Quality Jobs Program Act, in addition to other
8 qualifications specified herein, an establishment shall be required
9 to pay new direct jobs an average annualized wage which equals or
10 exceeds:

11 1. One hundred ten percent (110%) of the average county wage as
12 determined by the Oklahoma Department of Commerce based on the most
13 recent ~~U.S.~~ United States Department of Commerce data for the county
14 in which the new direct jobs are located. For purposes of this
15 paragraph, health care premiums paid by the applicant for
16 individuals in new direct jobs shall be included in the annualized
17 wage; or

18 2. One hundred percent (100%) of the average county wage as
19 that percentage is determined by the Oklahoma Department of Commerce
20 based upon the most recent ~~U.S.~~ United States Department of Commerce
21 data for the county in which the new jobs are located. For purposes
22 of this paragraph, health care premiums paid by the applicant for
23 individuals in new direct jobs shall not be included in the
24 annualized wage.

1 Provided, for applications submitted before January 1, 2027, no
2 average wage requirement shall exceed Twenty-five Thousand Dollars
3 (\$25,000.00), in any county. This maximum wage threshold shall be
4 indexed and modified from time to time based on the latest Consumer
5 Price Index year-to-date percent change release as of the date of
6 the annual average county wage data release from the Bureau of
7 Economic Analysis of the ~~U.S.~~ United States Department of Commerce.

8 G. 1. As used in this subsection, "opportunity zone" means one
9 or more census tracts in which, according to the most recent Federal
10 Decennial Census, at least thirty percent (30%) of the residents
11 have annual gross household incomes from all sources below the
12 poverty guidelines established by the ~~U.S.~~ United States Department
13 of Health and Human Services. An establishment which is otherwise
14 qualified to receive incentive payments and which locates its
15 principal business activity in an opportunity zone shall not be
16 subject to the requirements of subsection F of this section.

17 2. As used in this subsection:

18 a. "negative economic event" means:

19 (1) a man-made disaster or natural disaster as
20 defined in Section 683.3 of Title 63 of the
21 Oklahoma Statutes, resulting in the loss of a
22 significant number of jobs within a particular
23 county of this state, or
24

1 (2) an economic circumstance in which a significant
2 number of jobs within a particular county of this
3 state have been lost due to an establishment
4 changing its structure, consolidating with
5 another establishment, closing or moving all or
6 part of its operations out of this state, and

7 b. "significant number of jobs" means Local Area
8 Unemployment Statistics (LAUS) data, as determined by
9 the United States Bureau of Labor Statistics, for a
10 county which are equal to or in excess of five percent
11 (5%) of the total amount of Local Area Unemployment
12 Statistics (LAUS) data for that county for the
13 calendar year, or most recent twelve-month period in
14 which employment is measured, preceding the event.

15 An establishment which is otherwise qualified to receive
16 incentive payments and which locates in a county in which a negative
17 economic event has occurred within the eighteen-month period
18 preceding the start date shall not be subject to the requirements of
19 subsection F of this section; provided, an establishment shall not
20 be eligible to receive incentive payments based upon a negative
21 economic event with respect to jobs that are transferred from one
22 county of this state to another.

23 H. The Oklahoma Department of Commerce shall determine if the
24 applicant is qualified to receive incentive payments.

1 I. If the applicant is determined to be qualified by the
2 Department and is not subject to the provisions of subparagraph d of
3 paragraph 7 of subsection A of Section 3603 of this title, the
4 Department shall conduct a ~~cost/benefit~~ cost-benefit analysis to
5 determine the estimated net direct state benefits and the net
6 benefit rate applicable for a ten-year period beginning with the
7 first complete calendar quarter following the start date and to
8 estimate the amount of gross payroll for a ten-year period beginning
9 with the first complete calendar quarter following the start date or
10 for a thirty-year period for an establishment defined or classified
11 in the NAICS Manual under U.S. Industry No. 711211 (2007 version).
12 In conducting such ~~cost/benefit~~ cost-benefit analysis, the
13 Department shall consider quantitative factors, such as the
14 anticipated level of new tax revenues to the state along with the
15 added cost to the state of providing services, and such other
16 criteria as deemed appropriate by the Department. In no event shall
17 incentive payments, cumulatively, exceed the estimated net direct
18 state benefits, except for applicants subject to the provisions of
19 subparagraph d of paragraph 7 of subsection A of Section 3603 of
20 this title.

21 J. Upon approval of such an application, the Department shall
22 notify the Tax Commission and shall provide it with a copy of the
23 contract and the results of the ~~cost/benefit~~ cost-benefit analysis.
24 The Tax Commission may require the qualified establishment to submit

1 such additional information as may be necessary to administer the
2 provisions of the Oklahoma Quality Jobs Program Act. The approved
3 establishment shall file quarterly claims with the Tax Commission
4 and shall continue to file such quarterly claims during the ten-year
5 incentive period to show its continued eligibility for incentive
6 payments, as provided in Section 3606 of this title, or until it is
7 no longer qualified to receive incentive payments. The
8 establishment may be audited by the Tax Commission to verify such
9 eligibility. Once the establishment is approved, an agreement shall
10 be deemed to exist between the establishment and the State of
11 Oklahoma, requiring the continued incentive payment to be made as
12 long as the establishment retains its eligibility as defined in and
13 established pursuant to this section and Sections 3603 and 3606 of
14 this title and within the limitations contained in the Oklahoma
15 Quality Jobs Program Act, which existed at the time of such
16 approval. An establishment described in this subsection shall be
17 required to repay all incentive payments received under the Oklahoma
18 Quality Jobs Program Act if the establishment is determined by the
19 Oklahoma Tax Commission to no longer have business operations in the
20 state within three (3) years from the beginning of the calendar
21 quarter for which the first incentive payment claim is filed.

22 K. A municipality with a population of less than one hundred
23 thousand (100,000) persons in which an establishment eligible to
24 receive quarterly incentive payments pursuant to the provisions of

1 this section is located may file a claim with the Tax Commission for
2 up to twenty-five percent (25%) of the amount of such payment. The
3 amount of such claim shall not exceed amounts paid by the
4 municipality for direct costs of municipal infrastructure
5 improvements to provide water and sewer service to the
6 establishment. Such claim shall not be approved by the Tax
7 Commission unless the municipality and the establishment have
8 entered into a written agreement for such claims to be filed by the
9 municipality prior to submission of the application of the
10 establishment pursuant to the provisions of this section. If such
11 claim is approved, the amount of the payment to the establishment
12 made pursuant to the provisions of Section 3606 of this title shall
13 be reduced by the amount of the approved claim by the municipality
14 and the Tax Commission shall issue a warrant to the municipality in
15 the amount of the approved claim in the same manner as warrants are
16 issued to qualifying establishments.

17 L. For any contract executed by an establishment on or after
18 August 2, 2018, five percent (5%) of the quarterly incentive payment
19 amount shall be transferred by the Oklahoma Tax Commission to the
20 Oklahoma Quick Action Closing Fund.

21 SECTION 2. AMENDATORY 68 O.S. 2021, Section 3604.1, is
22 amended to read as follows:

23 Section 3604.1. A. A qualified federal contractor may receive
24 quarterly incentive payments for renewable ten-year periods from the

Oklahoma Tax Commission pursuant to the provisions of the Oklahoma Quality Jobs Program Act and the provisions of this section.

B. The amount of such payments shall be equal to a net benefit rate of not less than twenty-five ~~hundredths~~ one-hundredths of one percent (0.25%), but not greater than two percent (2%), multiplied by the total qualified labor hours worked by employees of the federal contractor or employees of a qualified federal subcontractor, or both, pursuant to a qualified federal contract for a calendar quarter as verified by the Oklahoma Employment Security Commission and certified by a qualified federal contractor verifier. The net benefit rate for a qualified federal contractor shall be scaled to annual subcontracting goals that account for both total qualified subcontract labor hours and the ratio of qualified subcontract labor hours to total qualified labor hours. Unless limited by the ~~cost/benefit~~ cost-benefit analysis, the net benefit rate shall:

1. Not exceed twenty-five ~~hundredths~~ one-hundredths of one percent (0.25%) when annual qualified subcontract labor hours are less than Two Hundred Thousand Dollars (\$200,000.00) or when annual qualified subcontract labor is less than one percent (1%) of the annual total qualified labor hours claimed;

2. Not be less than five-tenths of one percent (0.5%) when subcontract goals are met with a minimum of Two Hundred Thousand Dollars (\$200,000.00) of annual total qualified subcontractor labor

1 hours and these hours are a minimum of one percent (1%) of the
2 annual total qualified hours claimed;

3 3. Not be less than one percent (1%) when subcontract goals are
4 met with a minimum of One Million Dollars (\$1,000,000.00) of annual
5 total qualified subcontractor labor hours and when these hours
6 represent a minimum of five percent (5%) of the annual total
7 qualified hours claimed;

8 4. Not be less than one and five-tenths percent (1.5%) when
9 subcontract goals are met with a minimum of Two Million Dollars
10 (\$2,000,000.00) of annual total qualified subcontractor labor hours
11 and these hours are a minimum of ten percent (10%) of the annual
12 total qualified hours claimed; and

13 5. Not be less than two percent (2.0%) when subcontract goals
14 are met with a minimum of Four Million Dollars (\$4,000,000.00) of
15 annual total qualified subcontractor labor hours and these hours are
16 a minimum of twenty percent (20%) of the annual total qualified
17 hours claimed.

18 C. In order to receive incentive payments, a qualified federal
19 contractor shall apply to the Oklahoma Department of Commerce within
20 one hundred eighty (180) days following the date of the award of a
21 qualified federal contract or award of a new qualified subcontract
22 under an existing qualified federal contract. The application shall
23 be on a form prescribed by the Department and shall contain such
24 information as may be required by the Department to determine if the

1 applicant is qualified. Once qualified by the Department, the
2 applicant shall submit qualified federal contracts to the federal
3 contract verifier. The federal contract verifier shall establish
4 with the applicant an information system(s) or contract(s) as may be
5 required to certify the total qualified labor hours, qualified labor
6 rates, and reimbursement through the qualified federal contract. A
7 qualified federal contractor may apply for an effective date for a
8 project, which shall not be more than twenty-four (24) months from
9 the date the application is submitted to the Department. No state
10 agency shall be required to make any payment to a qualified federal
11 contract verifier for any information needed by the agency to
12 perform any duty imposed upon it pursuant to the provisions of
13 Section 3601 et seq. of this title. All costs for the federal
14 contract verifier shall be reimbursed through value-added services
15 on the qualified federal contract or other mechanisms agreed to by
16 the federal contractor verifier and the federal contract performers.

17 D. In order to qualify to receive incentive payments as
18 authorized by the Oklahoma Quality Jobs Program Act, in addition to
19 other qualifications specified herein, a qualified federal
20 contractor shall be required to pay direct jobs an average
21 annualized wage which equals or exceeds:

22 1. One hundred ten percent (110%) of the average county wage as
23 determined by the Oklahoma Department of Commerce based on the most
24 recent ~~U.S.~~ United States Department of Commerce data for the county

1 in which the new direct jobs are located. For purposes of this
2 paragraph, health care premiums paid by the applicant for
3 individuals in new direct jobs shall be included in the annualized
4 wage; or

5 2. One hundred percent (100%) of the average county wage as
6 that percentage is determined by the Oklahoma Department of Commerce
7 based upon the most recent ~~U.S.~~ United States Department of Commerce
8 data for the county in which the new jobs are located. For purposes
9 of this paragraph, health care premiums paid by the applicant for
10 individuals in new direct jobs shall not be included in the
11 annualized wage.

12 Provided, for applications submitted before January 1, 2027, no
13 average wage requirement shall exceed Twenty-nine Thousand Four
14 Hundred Nine Dollars (\$29,409.00), in any county. This maximum wage
15 threshold shall be indexed and modified from time to time based on
16 the latest Consumer Price Index year-to-date percent change release
17 as of the date of the annual average county wage data release from
18 the Bureau of Economic Analysis of the ~~U.S.~~ United States Department
19 of Commerce.

20 3. For qualified subcontractor work, the qualified federal
21 contractor shall have a minimum average qualified labor rate
22 requirement paid to the subcontractor of Thirty-one Dollars (\$31.00)
23 per hour, in any county. This maximum wage threshold shall be
24 indexed and modified from time to time based on the latest Consumer

1 Price Index year-to-date percent change release as of the date of
2 the annual average county wage data release from the Bureau of
3 Economic Analysis of the ~~U.S.~~ United States Department of Commerce.

4 E. The Oklahoma Department of Commerce shall determine if the
5 applicant is qualified to receive incentive payments using
6 information supplied to the Department by the qualified federal
7 contractor verifier. The ~~NAICS~~ North American Industry
8 Classification System (NAICS) code or codes under which the federal
9 government awarded the qualified federal contract shall be used to
10 determine the basic industry for a qualified federal contractor.
11 For federal contracts awarded under NAICS codes not within the
12 definition of basic industry pursuant to paragraph 1 of subsection A
13 of Section 3603 of this title, the Oklahoma Department of Commerce,
14 with the federal contract verifier, may evaluate and utilize
15 individual statement of work items that would qualify within a basic
16 industry definition.

17 F. If the applicant is determined to be qualified by the
18 Department, the Department shall conduct a ~~cost/benefit~~ cost-benefit
19 analysis to determine the estimated net direct state benefits and
20 the net benefit rate, as provided by subsection B of this section,
21 applicable for a ten-year period beginning with the first complete
22 calendar quarter following the start date and to estimate the amount
23 of gross payroll and total qualified labor hours for a ten-year
24 period beginning with the first complete calendar quarter following

1 the start date. In conducting such ~~cost/benefit~~ cost-benefit
2 analysis, the Department shall consider quantitative factors, such
3 as the anticipated level of new tax revenues to the state along with
4 the added cost to the state of providing services, and such other
5 criteria as deemed appropriate by the Department. In no event shall
6 incentive payments, cumulatively, exceed the estimated net direct
7 state benefits. Using this net ~~cost/benefit~~ cost-benefit analysis
8 model, the Department may establish the renewable ten-year contract
9 with a qualified federal contractor at the entity level to encompass
10 any current or future qualified federal contracts that meet the
11 ~~cost/benefit~~ cost-benefit analysis metrics as determined by the
12 federal contractor verifier and confirmed by the Department.

13 G. Upon approval of such an application, the Department shall
14 notify the Tax Commission and shall provide it with a copy of the
15 contract that has been cosigned by the federal contractor verifier
16 and the results of the ~~cost/benefit~~ cost-benefit analysis. The Tax
17 Commission may require the qualified federal contractor, federal
18 contract verifier, and qualified subcontractors to submit such
19 additional information as may be necessary to administer the
20 provisions of the Oklahoma Quality Jobs Program Act. The approved
21 qualified federal contractor shall file quarterly claims with the
22 Tax Commission and shall continue to file such quarterly claims
23 during the ten-year incentive period to show its continued
24 eligibility for incentive payments, as provided in Section 3606 of

1 this title, or until it is no longer qualified to receive incentive
2 payments. The qualified federal contractor may be audited by the
3 Tax Commission to verify such eligibility. Once the qualified
4 federal contractor is approved, an agreement shall be deemed to
5 exist between the qualified federal contractor and ~~the State of~~
6 ~~Oklahoma~~ this state, requiring the continued incentive payment to be
7 made as long as the qualified federal contractor retains its
8 eligibility as defined in and established pursuant to this section
9 and Sections 3603 and 3606 of this title and within the limitations
10 contained in the Oklahoma Quality Jobs Program Act, which existed at
11 the time of such approval.

12 H. For qualified federal contracts with periods of performance
13 exceeding two (2) years, if the actual annual verified gross
14 qualified labor hours for four (4) consecutive calendar quarters
15 ~~does~~ do not equal or exceed Two Million Five Hundred Thousand
16 Dollars (\$2,500,000.00) within three (3) years of the start date, or
17 ~~does~~ do not equal or exceed actual annual gross qualified labor
18 hours of Two Million Five Hundred Thousand Dollars (\$2,500,000.00)
19 at any other time during the ten-year period after the start date,
20 the incentive payments shall not be made and shall not be resumed
21 until such time as the actual annual qualified labor hours exceed
22 Two Million Five Hundred Thousand Dollars (\$2,500,000.00).

23 I. If the average annualized wage or minimum average qualified
24 labor rate required by subsection H of this section is not met

1 during any calendar quarter, the incentive payments shall not be
2 made and shall not be resumed until such time as such requirements
3 are met.

4 J. Before approving a quarterly incentive payment for a
5 qualified federal contract, the federal contract verifier must first
6 determine through the Department that neither the qualified federal
7 contractor nor the subcontractor are receiving incentive payments
8 under the Oklahoma Quality Jobs Program Act, ~~the Saving Quality Jobs~~
9 ~~Act~~, the 21st Century Quality Jobs Incentive Act or the Former
10 Military Facility Development Act for the performance of the same
11 such services under the qualified federal contract and is not
12 qualified for approval of an application for incentive payments
13 under the Oklahoma Quality Jobs Program Act, ~~the Saving Quality Jobs~~
14 ~~Act~~, the 21st Century Quality Jobs Incentive Act or the Former
15 Military Facility Development Act for the performance of the same
16 such services under the qualified federal contract. If the
17 qualified federal contractor or the subcontractor ~~are~~ is receiving
18 or ~~have~~ has an approved application for incentive payments under the
19 Oklahoma Quality Jobs Program Act, ~~the Saving Quality Jobs Act~~, the
20 21st Century Quality Jobs Incentive Act or the Former Military
21 Facility Development Act for the performance of the same such
22 services under the qualified federal contract, each may choose to
23 defer in part or in entirety the other incentives for the qualified
24 federal contractor to receive the incentives pursuant to subsection

1 B of this section. The federal contract verifier shall confirm any
2 deferrals and ensure the total for all quality jobs incentive
3 payments on any individual does not exceed the total net benefit to
4 the state. Should neither the federal contractor nor the
5 subcontractor defer in part or in entirety their incentive payments
6 such that the total for all ~~Quality Jobs~~ quality jobs incentive
7 payments exceeds the total net benefit to the state, the priority
8 for incentive payments shall go to the entity with the earliest
9 recognized start date ~~identified~~ identified within the current
10 Oklahoma Department of Commerce ~~Quality Jobs~~ quality jobs contract.

11 SECTION 3. AMENDATORY 68 O.S. 2021, Section 3606, as
12 last amended by Section 2, Chapter 29, 1st Extraordinary Session,
13 O.S.L. 2023 (68 O.S. Supp. 2025, Section 3606), is amended to read
14 as follows:

15 Section 3606. A. ~~As soon as practicable~~ Within one (1) year
16 after the end of the first complete calendar quarter following the
17 start date, the establishment shall file a claim for the payment
18 with the Oklahoma Tax Commission and shall specify the actual number
19 and gross payroll of new direct jobs for the establishment for the
20 calendar quarter. The Tax Commission shall verify the actual gross
21 payroll for new direct jobs for the establishment for such calendar
22 quarter. If the Tax Commission is not able to provide such
23 verification utilizing all available resources, the Tax Commission
24 may request such additional information from the establishment as

1 may be necessary or may request the establishment to revise its
2 claim. An establishment may file for an extension of the initial
3 filing date with the Oklahoma Department of Commerce. Any such
4 extension shall be based solely upon an extraordinary adverse
5 business circumstance which prevented the establishment from hiring
6 the new direct jobs as projected. If an establishment fails to file
7 claims as required by this section, it shall forfeit the right to
8 receive any incentive payments after three (3) years from the start
9 date. If an establishment has filed at least one claim pursuant to
10 this section but fails to file another claim within two (2) years of
11 the most recent claim, the Tax Commission, after consulting with the
12 Oklahoma Department of Commerce, may dismiss the establishment from
13 the program, forfeiting the establishment's right to receive
14 incentive payments based on that contract.

15 B. 1. Except as otherwise provided in paragraph 2 of this
16 subsection, if the actual verified gross payroll for four (4)
17 consecutive calendar quarters does not equal or exceed the
18 applicable total required by Section 3604 of this title within three
19 (3) years of the start date, or does not equal or exceed the
20 applicable total required by Section 3604 of this title at any other
21 time during the ten-year period after the start date or during the
22 thirty-year period after the start date for establishments defined
23 or classified in the ~~NAICS~~ North American Industry Classification
24 System (NAICS) Manual under U.S. Industry No. 711211 (2007 version),

1 the incentive payments shall not be made and shall not be resumed
2 until such time as the actual verified gross payroll equals or
3 exceeds the amounts specified in Section 3604 of this title. If an
4 establishment fails to achieve the required gross payroll within
5 three (3) years of the start date, the establishment shall not make
6 a new or renewal application for incentive payments authorized
7 pursuant to the Oklahoma Quality Jobs Program Act for a period of
8 twelve (12) months from the last day of the last month of the three-
9 year period during which the required gross payroll amount was not
10 achieved.

11 2. Any establishment which does not meet the quarterly payroll
12 requirements provided pursuant to paragraph 1 of this subsection
13 during the time period which begins on April 1, 2020, and ends on
14 June 30, 2021, shall continue to receive incentive payments and
15 shall be exempt from the prescribed limitations.

16 C. If the average annualized wage required for an establishment
17 does not equal or exceed the amount specified in paragraph 1 or 2 of
18 subsection F of Section 3604 of this title during any calendar
19 quarter, the incentive payments shall not be made and shall not be
20 resumed until such time as such requirements are met.

21 D. In no event shall incentive payments, cumulatively, exceed
22 the estimated net direct state benefits, except for establishments
23 subject to the provisions of subparagraph d of paragraph 7 of
24 subsection A of Section 3603 of this title.

1 E. An establishment that has qualified pursuant to Section 3604
2 of this title may receive payments only in accordance with the
3 provisions of the law under which it initially applied and was
4 approved. If an establishment that is receiving incentive payments
5 expands, it may apply for additional incentive payments based on the
6 gross payroll anticipated from the expansion only, pursuant to
7 Section 3604 of this title. Provided, an establishment which has
8 suffered an extraordinary adverse business circumstance, as
9 certified by the Incentive Approval Committee, may be allowed to
10 voluntarily withdraw from the Oklahoma Quality Jobs Program, repay
11 to the Tax Commission the total amount of incentive payments
12 received pursuant to the provisions of this section, plus interest
13 at the rate specified in Section 727.1 of Title 12 of the Oklahoma
14 Statutes, and reapply to the Department for a new incentive contract
15 if the establishment qualifies pursuant to the provisions of the
16 Oklahoma Quality Jobs Program Act. Any funds received by the Tax
17 Commission pursuant to the provisions of this subsection shall be
18 apportioned in the manner that income tax revenues are apportioned.

19 F. An establishment that is receiving incentive payments may
20 not apply for additional incentive payments for any new projects
21 until twelve (12) quarters after receipt of the first incentive
22 payment, or until the establishment's actual verified gross payroll
23 for new direct jobs equals or exceeds Two Million Five Hundred
24 Thousand Dollars (\$2,500,000.00) during any four consecutive-

1 calendar-quarter period, whichever comes first. After meeting the
2 requirements of this subsection, an establishment may apply for
3 additional incentive payments based upon the gross payroll
4 anticipated from an expansion only.

5 G. As soon as practicable after verification of the actual
6 gross payroll as required by this section and except as otherwise
7 provided by subsection K of Section 3604 of this title, the Tax
8 Commission shall issue a warrant to the establishment in the amount
9 of the net benefit rate multiplied by the actual gross payroll as
10 determined pursuant to subsection A of this section for the calendar
11 quarter.

12 SECTION 4. AMENDATORY 68 O.S. 2021, Section 3905, is
13 amended to read as follows:

14 Section 3905. A. 1. Beginning with the first complete
15 calendar quarter after the application of the establishment is
16 approved by the Oklahoma Department of Commerce, the establishment
17 shall begin filing quarterly reports with the Oklahoma Tax
18 Commission that specify the actual number and individual gross
19 taxable payroll of new direct jobs for the establishment and such
20 other information as required by the Tax Commission. In no event
21 shall the first claim for incentive payments be filed later than
22 ~~three (3) years~~ one (1) year from the start date designated by the
23 Department. The Tax Commission shall verify the actual individual
24 gross taxable payroll for new direct jobs. If the Tax Commission is

1 not able to provide such verification utilizing all available
2 resources, the Tax Commission may request additional information
3 from the establishment as may be necessary or may request the
4 establishment to revise its reports.

5 The establishment shall continue filing such reports during the
6 seven-year incentive period or until it is no longer qualified to
7 receive incentive payments. Such reports shall constitute a claim
8 for quarterly incentive payments by the establishment.

9 2. Upon receipt of a report for the initial calendar quarter of
10 the incentive period and for each subsequent calendar quarter
11 thereafter, the Tax Commission shall determine if the establishment
12 has met the following requirements:

- 13 a. created ~~and~~ or maintained the minimum number of new
14 direct jobs as specified in paragraph 3 of subsection
15 C of Section 3904 of this title, and
- 16 b. paid the individuals it employed in new direct jobs an
17 annualized wage which equaled or exceeded the
18 applicable percentage of the average county wage as
19 that percentage was determined by the Oklahoma
20 Department of Commerce upon approval of the
21 application.

22 3. Upon determining that an establishment has met the
23 requirements of paragraph 2 of this subsection for the initial
24 calendar quarter of the incentive period, the Tax Commission shall

1 issue a warrant to the establishment in an amount which shall be
2 equal to the net benefit rate multiplied by the amount of gross
3 taxable payroll of new direct jobs actually paid by the
4 establishment.

5 B. Except as provided in subsection C of this section, the
6 quarterly incentive payment provided for in subsection A of this
7 section shall be allowed in each of the twenty-seven subsequent
8 calendar quarters.

9 C. 1. An establishment which does not meet the requirements of
10 paragraph 2 of subsection A of this section within twelve (12)
11 months of the date of its application, or after July 1, 2011, within
12 twenty-four (24) months of the date of its application, shall be
13 ineligible to receive any incentive payments pursuant to its
14 application and approval.

15 2. An establishment which at any time during the twenty-seven
16 subsequent calendar quarters does not meet the requirements of
17 paragraph 2 of subsection A of this section shall be ineligible to
18 receive an incentive payment during the calendar quarter in which
19 such requirements are not met.

20 SECTION 5. AMENDATORY 68 O.S. 2021, Section 3914, is
21 amended to read as follows:

22 Section 3914. A. Except for the payment amount required by
23 subsection E of this section, an establishment which meets the
24 qualifications specified in the 21st Century Quality Jobs Incentive

1 Act may receive quarterly incentive payments for a ten-year period
2 from the Oklahoma Tax Commission pursuant to the provisions of ~~this~~
3 ~~act~~ the 21st Century Quality Jobs Incentive Act, as verified by the
4 Tax Commission, in an amount equal to:

5 1. The gross payroll multiplied by the initial net benefit rate
6 until such time as the establishment creates ten new direct jobs; or

7 2. The gross payroll multiplied by the fulfillment net benefit
8 rate after such time as the establishment created and maintains ten
9 new direct jobs.

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

18 C. Before approving an application for incentive payments, the
19 Department must first determine that the applicant meets the
20 following requirements:

21 1. Be engaged in a basic industry as defined in the 21st
22 Century Quality Jobs Incentive Act;

23 2. Will hire at least ten full-time employees in this state
24 within twelve (12) quarters of the date of application;

1 3. Will pay the individuals it employs in new direct jobs an
2 average annualized wage which equals or exceeds three hundred
3 percent (300%) of the average county wage for the county in which
4 the applicant is located as that percentage is determined by the
5 Oklahoma Department of Commerce based on the most recent ~~U.S.~~ United
6 States Department of Commerce data. For purposes of this paragraph,
7 health care premiums paid by the applicant for individuals in new
8 direct jobs shall not be included in the annualized wage. Provided,
9 for applications submitted before January 1, 2027, no average wage
10 requirement shall exceed Ninety-four Thousand Dollars (\$94,000.00)
11 in any county. This maximum wage threshold shall be indexed and
12 modified from time to time based on the latest Consumer Price Index
13 year-to-date percent change release as of the date of the annual
14 average county wage data release from the Bureau of Economic
15 Analysis of the ~~U.S.~~ United States Department of Commerce;

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

21 5. Has not received incentive payments under the Small Employer
22 Quality Jobs ~~Program~~ Incentive Act, ~~the Saving Quality Jobs Act~~ or
23 the Former Military Facility Development Act; and
24

1 6. Is not qualified for approval of an application for
2 incentive payments under the Small Employer Quality Jobs ~~Program~~
3 Incentive Act, ~~the Saving Quality Jobs Act~~ or the Former Military
4 Facility Development Act.

5 D. The Oklahoma Department of Commerce shall determine if an
6 applicant is qualified to receive the incentive payment. Upon
7 qualifying the applicant, the Department shall notify the Tax
8 Commission and shall provide it with a copy of the contract and
9 approval which shall provide the number of persons employed by the
10 applicant upon the date of approval and the maximum total incentives
11 which may be paid to the applicant during the ten-year period. The
12 Tax Commission may require the qualified establishment to submit
13 additional information as may be necessary to administer the
14 provisions of ~~this act~~ the 21st Century Quality Jobs Incentive Act.
15 The approved establishment shall report to the Tax Commission
16 quarterly to show its continued eligibility for incentive payments,
17 as provided in Section 3905 of this title. Establishments may be
18 audited by the Tax Commission to verify such eligibility. Once the
19 establishment is approved, an agreement shall be deemed to exist
20 between the establishment and the State of Oklahoma, requiring
21 incentive payments to be made for a ten-year period as long as the
22 establishment retains its eligibility and within the limitations of
23 ~~this act~~ the 21st Century Quality Jobs Incentive Act as it existed
24 at the time of such approval.

1 E. For any contract executed by an establishment on or after
2 ~~the effective date of this act~~ August 2, 2018, five percent (5%) of
3 the quarterly incentive payment amount shall be transferred by the
4 Oklahoma Tax Commission to the Oklahoma Quick Action Closing Fund.

5 SECTION 6. AMENDATORY 68 O.S. 2021, Section 3915, is
6 amended to read as follows:

7 Section 3915. A. 1. Beginning with the first complete
8 calendar quarter after the application of the establishment is
9 approved by the Oklahoma Department of Commerce, the establishment
10 shall begin filing quarterly reports with the Oklahoma Tax
11 Commission that specify the actual number and individual gross
12 taxable payroll of new direct jobs for the establishment and such
13 other information as required by the Tax Commission. In no event
14 shall the first claim for incentive payments be filed later than
15 ~~three (3) years~~ one (1) year from the start date designated by the
16 Department. The Tax Commission shall verify the actual individual
17 gross taxable payroll for new direct jobs. If the Tax Commission is
18 not able to provide such verification utilizing all available
19 resources, the Tax Commission may request additional information
20 from the establishment as may be necessary or may request the
21 establishment to revise its reports.

22 The establishment shall continue filing such reports during the
23 ten-year incentive period or until it is no longer qualified to
24

1 receive incentive payments. Such reports shall constitute a claim
2 for quarterly incentive payments by the establishment.

3 2. Upon receipt of a report for the initial calendar quarter of
4 the incentive period and for each subsequent calendar quarter
5 thereafter, the Tax Commission shall determine if the establishment
6 has met the following requirements:

7 a. during the initial twelve (12) quarters of the
8 contract or until the establishment creates ten new
9 direct jobs, paid the individuals it employed in new
10 direct jobs an average annualized wage that exceeded
11 the requirements of paragraph 3 of subsection C of
12 Section 3914 of this title, or

13 b. after the establishment created ten new direct jobs:

14 (1) paid the individuals it employed in new direct
15 jobs an average annualized wage which equaled or
16 exceeded the requirements of paragraph 3 of
17 subsection C of Section 3914 of this title, and

18 (2) created ~~and/or~~ or maintained the minimum number
19 of new direct jobs as specified in the 21st
20 Century Quality Jobs Incentive Act.

21 3. Upon determining that an establishment has met the
22 requirements of paragraph 2 of this subsection for the initial
23 calendar quarter of the incentive period, the Tax Commission shall
24

1 issue a warrant to the establishment in an amount which shall be
2 equal to either:

3 a. the initial net benefit rate multiplied by the amount
4 of gross taxable payroll of new direct jobs actually
5 paid by the establishment during the initial twelve
6 (12) quarters of the contract or until the
7 establishment reaches ten new direct jobs, whichever
8 comes first, or

9 b. the fulfillment net benefit rate multiplied by the
10 amount of gross taxable payroll of new direct jobs
11 actually paid by the establishment after it creates or
12 maintains ten new direct jobs.

13 B. Except as provided in subsection C of this section, the
14 quarterly incentive payment provided for in subsection A of this
15 section shall be allowed in each of the thirty-nine (39) subsequent
16 calendar quarters.

17 C. 1. An establishment which does not meet the requirements of
18 paragraph 2 of subsection A of this section within twelve (12)
19 quarters of the date of its application shall be ineligible to
20 receive any incentive payments pursuant to its application and
21 approval.

22 2. An establishment which at any time during the thirty-nine
23 (39) subsequent calendar quarters does not meet the requirements of
24 paragraph 2 of subsection A of this section shall be ineligible to

1 receive an incentive payment during the calendar quarter in which
2 such requirements are not met.

3 3. An establishment which has met the requirements of paragraph
4 2 of subsection A of this section within twelve (12) quarters of the
5 date of its application, but which at any time during the subsequent
6 twenty-eight (28) quarters fails to meet the requirements of
7 paragraph 2 of subsection A of this section in four (4) consecutive
8 quarters, shall be ineligible to receive any further incentive
9 payments pursuant to its application and approval.

10 SECTION 7. This act shall become effective November 1, 2026.

11 Passed the Senate the 10th day of March, 2026.

12
13 _____
14 Presiding Officer of the Senate

15 Passed the House of Representatives the ____ day of _____,
16 2026.

17
18 _____
19 Presiding Officer of the House
20 of Representatives
21
22
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