

1                   **HOUSE OF REPRESENTATIVES - FLOOR VERSION**

2                                   STATE OF OKLAHOMA

3                                   2nd Session of the 60th Legislature (2026)

4 COMMITTEE SUBSTITUTE  
5 FOR  
6 HOUSE BILL NO. 3942

By: Kane of the House

and

**Hall** of the Senate

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10                                   COMMITTEE SUBSTITUTE

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

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

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

                  Section 7004. A. For calendar years 2024 through 2027 and  
every four (4) years thereafter, the Incentive Evaluation Commission  
shall ensure that each incentive is evaluated within the four-year

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

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

1 incentive listed in the schedule, the Commission shall attempt to  
2 identify the goal or goals of the incentive.

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

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

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

12 Section 7005. A. The Commission may contract with a private  
13 company, nonprofit, or academic institution to assist with  
14 evaluation of each incentive. The Commission shall develop a scope  
15 of services for a request for proposals issued pursuant to the  
16 Oklahoma Central Purchasing Act, Section 85.1 et seq. of Title 74 of  
17 the Oklahoma Statutes, for professional services necessary to  
18 complete incentive evaluations pursuant to the Incentive Evaluation  
19 Act. The scope of services shall include a provision requiring the  
20 contractor to provide at least one draft report for each incentive  
21 prior to the issuance of the final report; provided, the contractor  
22 may determine the timing and frequency of draft reports based on the  
23 availability of information and the potential for draft reports to  
24 assist the Commission in making a final recommendation. The cost of

1 such contract shall be paid by the Office of Management and  
2 Enterprise Services. No recipient or potential recipient of an  
3 incentive or representative of a recipient or potential recipient  
4 shall contact the entity or individual with whom the Commission  
5 contracts pursuant to this subsection unless the entity or  
6 individual specifically requests information or documentation for  
7 purposes of the incentive evaluation process; provided, this shall  
8 not be construed to prevent participation in a public hearing  
9 conducted pursuant to subsection B of this section.

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

1 Governor, President Pro Tempore of the Senate, and Speaker of the  
2 House of Representatives. If the Commission votes to modify an  
3 incentive evaluation as provided in this subsection, such  
4 modification and the original evaluation shall be documented in the  
5 annual written report. The report shall be made publicly available  
6 on the Oklahoma Department of Commerce website, the Commission  
7 website, and documents.ok.gov.

8 C. Each evaluation shall include the following:

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

12 a. the extent to which the incentive changes business  
13 behavior,

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

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

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

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1           3. An assessment of whether the incentive is being administered  
2 effectively;

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

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

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

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

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

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

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1 codified in the administrative code of the Oklahoma Department of  
2 Commerce.

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

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

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

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16 COMMITTEE REPORT BY: COMMITTEE ON GOVERNMENT OVERSIGHT, dated  
17 03/03/2026 - DO PASS, As Amended and Coauthored.

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