

STATE OF OKLAHOMA

2nd Session of the 60th Legislature (2026)

SENATE BILL 1403

By: Rader

AS INTRODUCED

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

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

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

Section 3604. A. Except as otherwise provided in subsection I or subsection L of this section, an establishment which meets the qualifications specified in the Oklahoma Quality Jobs Program Act may receive quarterly incentive payments for a ten-year period from 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

1 Classification System (NAICS) Manual under U.S. Industry No. 711211
2 (2007 version) may receive quarterly incentive payments for a
3 thirty-year period. The amount of such payments shall be equal to
4 the net benefit rate multiplied by the actual gross payroll of new
5 direct jobs for a calendar quarter as verified by the Oklahoma
6 Employment Security Commission. For an establishment defined or
7 classified in the NAICS Manual under U.S. Industry No. 711211 (2007
8 version) that entered into a contract pursuant to the Oklahoma
9 Quality Jobs Program Act with the Oklahoma Department of Commerce
10 before ~~the effective date of this act~~ November 1, 2023:

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

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

18 B. In order to receive incentive payments, an establishment
19 shall apply to the Oklahoma Department of Commerce. The application
20 shall be on a form prescribed by the Department and shall contain
21 such information as may be required by the Department to determine
22 if the applicant is qualified. An establishment may apply for an
23 effective date for a project, which shall not be more than twenty-

1 four (24) months from the date the application is submitted to the
2 Department.

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

6 1. Be engaged in a basic industry;

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

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

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

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

21 a. have an annual gross payroll for new direct jobs
22 projected by the Department to equal or exceed One
23 Million Five Hundred Thousand Dollars (\$1,500,000.00)
24 within three (3)

1 quarter following the start date and make, or which
2 will make within one (1) year, at least seventy-five
3 percent (75%) of its total sales, as determined by the
4 Incentive Approval Committee pursuant to the
5 provisions of subsection B of Section 3603 of this
6 title, to out-of-state customers or buyers, to in-
7 state customers or buyers if the product or service is
8 resold by the purchaser to an out-of-state customer or
9 buyer for ultimate use, or to the federal government,
10 unless the annual gross payroll equals or exceeds Two
11 Million Five Hundred Thousand Dollars (\$2,500,000.00)
12 in which case the requirements for purchase of output
13 provided by this subparagraph shall not apply, and
14 b. have a number of full-time-equivalent employees
15 working an average of thirty (30) or more hours per
16 week in new direct jobs equal to or in excess of
17 eighty percent (80%) of the total number of new direct
18 jobs; and

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

21 a. have an annual gross payroll for new direct jobs
22 projected by the Department to equal or exceed One
23 Million Five Hundred Thousand Dollars (\$1,500,000.00)
24

1 within three (3) years of the first complete calendar
2 quarter following the start date, and

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

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

- 10 a. is a federal Superfund removal site,
11 b. is listed on the National Priorities List established
12 under Section 9605 of Title 42 of the United States
13 Code,
14 c. has been formally deferred to the state in lieu of
15 listing on the National Priorities List, or
16 d. has been determined by the Department of Environmental
17 Quality to be contaminated by any substance regulated
18 by a federal or state statute governing environmental
19 conditions for real property pursuant to an order of
20 the Department of Environmental Quality,

21 shall qualify for incentive payments irrespective of its actual
22 gross payroll or the number of full-time-equivalent employees
23 engaged in new direct jobs.
24

1 2. In order to qualify for the incentive payments pursuant to
2 this subsection, the establishment shall conduct the activity
3 resulting in at least fifty percent (50%) of its Oklahoma taxable
4 income or adjusted gross income, as determined under Section 2358 of
5 this title, whether from the sale of products or services or both
6 products and services, at the physical location which has been
7 determined not to comply with the federal or state statutes
8 described in this subsection with respect to environmental
9 conditions for real property. The establishment shall be subject to
10 all other requirements of the Oklahoma Quality Jobs Program Act
11 other than the exemptions provided by this subsection.

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

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

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

1 4. If authorized by the Department of Environmental Quality
2 pursuant to paragraph 3 of this subsection, the entity may utilize a
3 remediated portion of the property for its intended purpose prior to
4 remediation of the remainder of the site, and shall qualify for
5 incentive payments based on employment associated with the portion
6 of the site.

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

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

21 2. One hundred percent (100%) of the average county wage as
22 that percentage is determined by the Oklahoma Department of Commerce
23 based upon the most recent ~~U.S.~~ United States Department of Commerce
24 data for the county in which the new jobs are located. For purposes

1 of this paragraph, health care premiums paid by the applicant for
2 individuals in new direct jobs shall not be included in the
3 annualized wage.

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

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

20 2. As used in this subsection:

21 a. "negative economic event" means:

22 (1) a man-made disaster or natural disaster as
23 defined in Section 683.3 of Title 63 of the
24 Oklahoma Statutes, resulting in the loss of a
25

1 significant number of jobs within a particular
2 county of this state, or

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

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

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

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

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

23 J. Upon approval of such an application, the Department shall
24 notify the Tax Commission and shall provide it with a copy of the
25

1 contract and the results of the ~~cost/benefit~~ cost-benefit analysis.
2 The Tax Commission may require the qualified establishment to submit
3 such additional information as may be necessary to administer the
4 provisions of the Oklahoma Quality Jobs Program Act. The approved
5 establishment shall file quarterly claims with the Tax Commission
6 and shall continue to file such quarterly claims during the ten-year
7 incentive period to show its continued eligibility for incentive
8 payments, as provided in Section 3606 of this title, or until it is
9 no longer qualified to receive incentive payments. The
10 establishment may be audited by the Tax Commission to verify such
11 eligibility. Once the establishment is approved, an agreement shall
12 be deemed to exist between the establishment and the State of
13 Oklahoma, requiring the continued incentive payment to be made as
14 long as the establishment retains its eligibility as defined in and
15 established pursuant to this section and Sections 3603 and 3606 of
16 this title and within the limitations contained in the Oklahoma
17 Quality Jobs Program Act, which existed at the time of such
18 approval. An establishment described in this subsection shall be
19 required to repay all incentive payments received under the Oklahoma
20 Quality Jobs Program Act if the establishment is determined by the
21 Oklahoma Tax Commission to no longer have business operations in the
22 state within three (3) years from the beginning of the calendar
23 quarter for which the first incentive payment claim is filed.
24

1 K. A municipality with a population of less than one hundred
2 thousand (100,000) persons in which an establishment eligible to
3 receive quarterly incentive payments pursuant to the provisions of
4 this section is located may file a claim with the Tax Commission for
5 up to twenty-five percent (25%) of the amount of such payment. The
6 amount of such claim shall not exceed amounts paid by the
7 municipality for direct costs of municipal infrastructure
8 improvements to provide water and sewer service to the
9 establishment. Such claim shall not be approved by the Tax
10 Commission unless the municipality and the establishment have
11 entered into a written agreement for such claims to be filed by the
12 municipality prior to submission of the application of the
13 establishment pursuant to the provisions of this section. If such
14 claim is approved, the amount of the payment to the establishment
15 made pursuant to the provisions of Section 3606 of this title shall
16 be reduced by the amount of the approved claim by the municipality
17 and the Tax Commission shall issue a warrant to the municipality in
18 the amount of the approved claim in the same manner as warrants are
19 issued to qualifying establishments.

20 L. For any contract executed by an establishment on or after
21 August 2, 2018, five percent (5%) of the quarterly incentive payment
22 amount shall be transferred by the Oklahoma Tax Commission to the
23 Oklahoma Quick Action Closing Fund.
24

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

Section 3604.1. A. A qualified federal contractor may receive 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

1 qualified subcontract labor is less than one percent (1%) of the
2 annual total qualified labor hours claimed;

3 2. Not be less than five-tenths of one percent (0.5%) when
4 subcontract goals are met with a minimum of Two Hundred Thousand
5 Dollars (\$200,000.00) of annual total qualified subcontractor labor
6 hours and these hours are a minimum of one percent (1%) of the
7 annual total qualified hours claimed;

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

13 4. Not be less than one and five-tenths percent (1.5%) when
14 subcontract goals are met with a minimum of Two Million Dollars
15 (\$2,000,000.00) of annual total qualified subcontractor labor hours
16 and these hours are a minimum of ten percent (10%) of the annual
17 total qualified hours claimed; and

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

23 C. In order to receive incentive payments, a qualified federal
24 contractor shall apply to the Oklahoma Department of Commerce within
25

1 one hundred eighty (180) days following the date of the award of a
2 qualified federal contract or award of a new qualified subcontract
3 under an existing qualified federal contract. The application shall
4 be on a form prescribed by the Department and shall contain such
5 information as may be required by the Department to determine if the
6 applicant is qualified. Once qualified by the Department, the
7 applicant shall submit qualified federal contracts to the federal
8 contract verifier. The federal contract verifier shall establish
9 with the applicant an information system(s) or contract(s) as may be
10 required to certify the total qualified labor hours, qualified labor
11 rates, and reimbursement through the qualified federal contract. A
12 qualified federal contractor may apply for an effective date for a
13 project, which shall not be more than twenty-four (24) months from
14 the date the application is submitted to the Department. No state
15 agency shall be required to make any payment to a qualified federal
16 contract verifier for any information needed by the agency to
17 perform any duty imposed upon it pursuant to the provisions of
18 Section 3601 et seq. of this title. All costs for the federal
19 contract verifier shall be reimbursed through value-added services
20 on the qualified federal contract or other mechanisms agreed to by
21 the federal contractor verifier and the federal contract performers.

22 D. In order to qualify to receive incentive payments as
23 authorized by the Oklahoma Quality Jobs Program Act, in addition to
24 other qualifications specified herein, a qualified federal

1 contractor shall be required to pay direct jobs an average
2 annualized wage which equals or exceeds:

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

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

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

1 3. For qualified subcontractor work, the qualified federal
2 contractor shall have a minimum average qualified labor rate
3 requirement paid to the subcontractor of Thirty-one Dollars (\$31.00)
4 per hour, in any county. This maximum wage threshold shall be
5 indexed and modified from time to time based on the latest Consumer
6 Price Index year-to-date percent change release as of the date of
7 the annual average county wage data release from the Bureau of
8 Economic Analysis of the ~~U.S.~~ United States Department of Commerce.

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

22 F. If the applicant is determined to be qualified by the
23 Department, the Department shall conduct a ~~cost/benefit~~ cost-benefit
24 analysis to determine the estimated net direct state benefits and

1 the net benefit rate, as provided by subsection B of this section,
2 applicable for a ten-year period beginning with the first complete
3 calendar quarter following the start date and to estimate the amount
4 of gross payroll and total qualified labor hours for a ten-year
5 period beginning with the first complete calendar quarter following
6 the start date. In conducting such ~~cost/benefit~~ cost-benefit
7 analysis, the Department shall consider quantitative factors, such
8 as the anticipated level of new tax revenues to the state along with
9 the added cost to the state of providing services, and such other
10 criteria as deemed appropriate by the Department. In no event shall
11 incentive payments, cumulatively, exceed the estimated net direct
12 state benefits. Using this net ~~cost/benefit~~ cost-benefit analysis
13 model, the Department may establish the renewable ten-year contract
14 with a qualified federal contractor at the entity level to encompass
15 any current or future qualified federal contracts that meet the
16 ~~cost/benefit~~ cost-benefit analysis metrics as determined by the
17 federal contractor verifier and confirmed by the Department.

18 G. Upon approval of such an application, the Department shall
19 notify the Tax Commission and shall provide it with a copy of the
20 contract that has been cosigned by the federal contractor verifier
21 and the results of the ~~cost/benefit~~ cost-benefit analysis. The Tax
22 Commission may require the qualified federal contractor, federal
23 contract verifier, and qualified subcontractors to submit such
24 additional information as may be necessary to administer the

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

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

1 the incentive payments shall not be made and shall not be resumed
2 until such time as the actual annual qualified labor hours exceed
3 Two Million Five Hundred Thousand Dollars (\$2,500,000.00).

4 I. If the average annualized wage or minimum average qualified
5 labor rate required by subsection H of this section is not met
6 during any calendar quarter, the incentive payments shall not be
7 made and shall not be resumed until such time as such requirements
8 are met.

9 J. Before approving a quarterly incentive payment for a
10 qualified federal contract, the federal contract verifier must first
11 determine through the Department that neither the qualified federal
12 contractor nor the subcontractor are receiving 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 and is not
17 qualified for approval of an application for incentive payments
18 under the Oklahoma Quality Jobs Program Act, ~~the Saving Quality Jobs~~
19 ~~Act,~~ the 21st Century Quality Jobs Incentive Act or the Former
20 Military Facility Development Act for the performance of the same
21 such services under the qualified federal contract. If the
22 qualified federal contractor or the subcontractor ~~are~~ is receiving
23 or ~~have~~ has an approved application for incentive payments under the
24 Oklahoma Quality Jobs Program Act, ~~the Saving Quality Jobs Act,~~ the

1 21st Century Quality Jobs Incentive Act or the Former Military
2 Facility Development Act for the performance of the same such
3 services under the qualified federal contract, each may choose to
4 defer in part or in entirety the other incentives for the qualified
5 federal contractor to receive the incentives pursuant to subsection
6 B of this section. The federal contract verifier shall confirm any
7 deferrals and ensure the total for all quality jobs incentive
8 payments on any individual does not exceed the total net benefit to
9 the state. Should neither the federal contractor nor the
10 subcontractor defer in part or in entirety their incentive payments
11 such that the total for all ~~Quality Jobs~~ quality jobs incentive
12 payments exceeds the total net benefit to the state, the priority
13 for incentive payments shall go to the entity with the earliest
14 recognized start date ~~identified~~ identified within the current
15 Oklahoma Department of Commerce ~~Quality Jobs~~ quality jobs contract.

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

20 Section 3606. A. ~~As soon as practicable~~ Within one (1) year
21 after the end of the first complete calendar quarter following the
22 start date, the establishment shall file a claim for the payment
23 with the Oklahoma Tax Commission and shall specify the actual number
24 and gross payroll of new direct jobs for the establishment for the

1 calendar quarter. The Tax Commission shall verify the actual gross
2 payroll for new direct jobs for the establishment for such calendar
3 quarter. If the Tax Commission is not able to provide such
4 verification utilizing all available resources, the Tax Commission
5 may request such additional information from the establishment as
6 may be necessary or may request the establishment to revise its
7 claim. An establishment may file for an extension of the initial
8 filing date with the Oklahoma Department of Commerce. Any such
9 extension shall be based solely upon an extraordinary adverse
10 business circumstance which prevented the establishment from hiring
11 the new direct jobs as projected. If an establishment fails to file
12 claims as required by this section, it shall forfeit the right to
13 receive any incentive payments after three (3) years from the start
14 date. If an establishment has filed at least one claim pursuant to
15 this section but fails to file another claim within two (2) years of
16 the most recent claim, the Tax Commission, after consulting with the
17 Oklahoma Department of Commerce, may dismiss the establishment from
18 the program, forfeiting the establishment's right to receive
19 incentive payments based on that contract.

20 B. 1. Except as otherwise provided in paragraph 2 of this
21 subsection, if the actual verified gross payroll for four (4)
22 consecutive calendar quarters does not equal or exceed the
23 applicable total required by Section 3604 of this title within three
24 (3) years of the start date, or does not equal or exceed the

1 applicable total required by Section 3604 of this title at any other
2 time during the ten-year period after the start date or during the
3 thirty-year period after the start date for establishments defined
4 or classified in the ~~NAICS~~ North American Industry Classification
5 System (NAICS) Manual under U.S. Industry No. 711211 (2007 version),
6 the incentive payments shall not be made and shall not be resumed
7 until such time as the actual verified gross payroll equals or
8 exceeds the amounts specified in Section 3604 of this title. If an
9 establishment fails to achieve the required gross payroll within
10 three (3) years of the start date, the establishment shall not make
11 a new or renewal application for incentive payments authorized
12 pursuant to the Oklahoma Quality Jobs Program Act for a period of
13 twelve (12) months from the last day of the last month of the three-
14 year period during which the required gross payroll amount was not
15 achieved.

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

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

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

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

1 F. An establishment that is receiving incentive payments may
2 not apply for additional incentive payments for any new projects
3 until twelve (12) quarters after receipt of the first incentive
4 payment, or until the establishment's actual verified gross payroll
5 for new direct jobs equals or exceeds Two Million Five Hundred
6 Thousand Dollars (\$2,500,000.00) during any four consecutive-
7 calendar-quarter period, whichever comes first. After meeting the
8 requirements of this subsection, an establishment may apply for
9 additional incentive payments based upon the gross payroll
10 anticipated from an expansion only.

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

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

20 Section 3905. A. 1. Beginning with the first complete
21 calendar quarter after the application of the establishment is
22 approved by the Oklahoma Department of Commerce, the establishment
23 shall begin filing quarterly reports with the Oklahoma Tax
24 Commission that specify the actual number and individual gross
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1 taxable payroll of new direct jobs for the establishment and such
2 other information as required by the Tax Commission. In no event
3 shall the first claim for incentive payments be filed later than
4 ~~three (3) years~~ one (1) year from the start date designated by the
5 Department. The Tax Commission shall verify the actual individual
6 gross taxable payroll for new direct jobs. If the Tax Commission is
7 not able to provide such verification utilizing all available
8 resources, the Tax Commission may request additional information
9 from the establishment as may be necessary or may request the
10 establishment to revise its reports.

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

15 2. Upon receipt of a report for the initial calendar quarter of
16 the incentive period and for each subsequent calendar quarter
17 thereafter, the Tax Commission shall determine if the establishment
18 has met the following requirements:

- 19 a. created ~~and~~ or maintained the minimum number of new
20 direct jobs as specified in paragraph 3 of subsection
21 C of Section 3904 of this title, and
- 22 b. paid the individuals it employed in new direct jobs an
23 annualized wage which equaled or exceeded the
24 applicable percentage of the average county wage as

1 that percentage was determined by the Oklahoma
2 Department of Commerce upon approval of the
3 application.

4 3. Upon determining that an establishment has met the
5 requirements of paragraph 2 of this subsection for the initial
6 calendar quarter of the incentive period, the Tax Commission shall
7 issue a warrant to the establishment in an amount which shall be
8 equal to the net benefit rate multiplied by the amount of gross
9 taxable payroll of new direct jobs actually paid by the
10 establishment.

11 B. Except as provided in subsection C of this section, the
12 quarterly incentive payment provided for in subsection A of this
13 section shall be allowed in each of the twenty-seven subsequent
14 calendar quarters.

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

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

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

5 Section 3914. A. Except for the payment amount required by
6 subsection E of this section, an establishment which meets the
7 qualifications specified in the 21st Century Quality Jobs Incentive
8 Act may receive quarterly incentive payments for a ten-year period
9 from the Oklahoma Tax Commission pursuant to the provisions of ~~this~~
10 ~~act~~ the 21st Century Quality Jobs Incentive Act, as verified by the
11 Tax Commission, in an amount equal to:

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

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

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

1 C. Before approving an application for incentive payments, the
2 Department must first determine that the applicant meets the
3 following requirements:

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

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

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

23 4. Has a basic health benefit plan which, as determined by the
24 Department, meets the elements established under divisions (1)

1 through (7) of subparagraph b of paragraph 1 of subsection A of
2 Section 3603 of this title and which will be offered to individuals
3 within twelve (12) months of employment in a new direct job;

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

7 6. Is not qualified for approval of an application for
8 incentive payments under the Small Employer Quality Jobs ~~Program~~
9 Incentive Act, ~~the Saving Quality Jobs Act~~ or the Former Military
10 Facility Development Act.

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

1 establishment is approved, an agreement shall be deemed to exist
2 between the establishment and the State of Oklahoma, requiring
3 incentive payments to be made for a ten-year period as long as the
4 establishment retains its eligibility and within the limitations of
5 ~~this act~~ the 21st Century Quality Jobs Incentive Act as it existed
6 at the time of such approval.

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

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

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

1 resources, the Tax Commission may request additional information
2 from the establishment as may be necessary or may request the
3 establishment to revise its reports.

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

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

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

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

19 (1) paid the individuals it employed in new direct
20 jobs an average annualized wage which equaled or
21 exceeded the requirements of paragraph 3 of
22 subsection C of Section 3914 of this title, and
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24
25

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

4 3. Upon determining that an establishment has met the
5 requirements of paragraph 2 of this subsection for the initial
6 calendar quarter of the incentive period, the Tax Commission shall
7 issue a warrant to the establishment in an amount which shall be
8 equal to either:

- 9 a. the initial net benefit rate multiplied by the amount
10 of gross taxable payroll of new direct jobs actually
11 paid by the establishment during the initial twelve
12 (12) quarters of the contract or until the
13 establishment reaches ten new direct jobs, whichever
14 comes first, or
15 b. the fulfillment net benefit rate multiplied by the
16 amount of gross taxable payroll of new direct jobs
17 actually paid by the establishment after it creates or
18 maintains ten new direct jobs.

19 B. Except as provided in subsection C of this section, the
20 quarterly incentive payment provided for in subsection A of this
21 section shall be allowed in each of the thirty-nine (39) subsequent
22 calendar quarters.

23 C. 1. An establishment which does not meet the requirements of
24 paragraph 2 of subsection A of this section within twelve (12)

1 quarters of the date of its application shall be ineligible to
2 receive any incentive payments pursuant to its application and
3 approval.

4 2. An establishment which at any time during the thirty-nine
5 (39) subsequent calendar quarters does not meet the requirements of
6 paragraph 2 of subsection A of this section shall be ineligible to
7 receive an incentive payment during the calendar quarter in which
8 such requirements are not met.

9 3. An establishment which has met the requirements of paragraph
10 2 of subsection A of this section within twelve (12) quarters of the
11 date of its application, but which at any time during the subsequent
12 twenty-eight (28) quarters fails to meet the requirements of
13 paragraph 2 of subsection A of this section in four (4) consecutive
14 quarters, shall be ineligible to receive any further incentive
15 payments pursuant to its application and approval.

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

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