

STATE OF OKLAHOMA

2nd Session of the 60th Legislature (2026)

SENATE BILL 1575

By: Kirt

AS INTRODUCED

An Act relating to incentives; amending 68 O.S. 2021, Sections 3603, as amended by Section 1, Chapter 102, O.S.L. 2025, 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, 3903, 3905, 3913, 3914, 3915, and 4503, as amended by Section 1, Chapter 127, O.S.L. 2025 (68 O.S. Supp. 2025, Sections 3603, 3604, 3606, and 4503), which relate to quality jobs incentives; modifying maximum net benefit rate; 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:

1       SECTION 1.       AMENDATORY       68 O.S. 2021, Section 3603, as  
2 amended by Section 1, Chapter 102, O.S.L. 2025 (68 O.S. Supp. 2025,  
3 Section 3603), is amended to read as follows:

4       Section 3603. A. As used in the Oklahoma Quality Jobs Program  
5 Act:

6       1.    a.    "Basic industry" means:

7               (1) those manufacturing activities defined or  
8               classified in the NAICS Manual under Industry  
9               Sector Nos. 31, 32 and 33, Industry Group No.  
10              5111 or Industry No. 11331,

11              (2) those electric power generation, transmission and  
12              distribution activities defined or classified in  
13              the NAICS Manual under U.S. Industry Nos. 221111  
14              through 221122, if:

15                   (a) an establishment engaged therein qualifies  
16                   as an exempt wholesale generator as defined  
17                   by 15 U.S.C., Section 79z-5a,

18                   (b) the exempt wholesale generator facility  
19                   consumes from sources located within the  
20                   state at least ninety percent (90%) of the  
21                   total energy used to produce the electrical  
22                   output which qualifies for the specialized  
23                   treatment provided by the Energy Policy Act  
24                   of 1992, P.L. 102-486, 106 Stat. 2776, as

1                   amended, and federal regulations adopted  
2                   pursuant thereto,

3           (c) the exempt wholesale generator facility  
4               sells to purchasers located outside the  
5               state for consumption in activities located  
6               outside the state at least ninety percent  
7               (90%) of the total electrical energy output  
8               which qualifies for the specialized  
9               treatment provided by the Energy Policy Act  
10              of 1992, P.L. 102-486, 106 Stat. 2776, as  
11              amended, and federal regulations adopted  
12              pursuant thereto, and

13           (d) the facility is constructed on or after July  
14               1, 1996,

15           (3) those administrative and facilities support  
16               service activities defined or classified in the  
17               NAICS Manual under Industry Group Nos. 5611 and  
18               5612, Industry Nos. 51821, 519130, 52232 and  
19               56142 or U.S. Industry Nos. 524291 and 551114,  
20               those other support activities for air  
21               transportation defined or classified in the NAICS  
22               Manual under Industry Group No. 488190, and those  
23               support, repair, and maintenance service  
24               activities for the wind industry defined or

classified in the NAICS Manual under Industry  
Group No. 811310,

(4) those professional, scientific and technical  
service activities defined or classified in the  
NAICS Manual under U.S. Industry Nos. 541710 and  
541380,

(5) distribution centers for retail or wholesale  
businesses defined or classified in the NAICS  
Manual under Sector No. 42, if forty percent  
(40%) or more of the inventory processed through  
such warehouse is shipped out-of-state,

(6) those adjustment and collection service  
activities defined or classified in the NAICS  
Manual under U.S. Industry No. 561440, if  
seventy-five percent (75%) of the loans to be  
serviced were made by out-of-state debtors,

(7) (a) those air transportation activities defined  
or classified in the NAICS Manual under  
Industry Group No. 4811, if the following  
facilities are located in this state:

(i) the corporate headquarters of an  
establishment classified therein, and

(ii) a facility or facilities at which  
reservations for transportation

provided by such an establishment are processed, whether such services are performed by employees of the establishment, by employees of a subsidiary of or other entity affiliated with the establishment or by employees of an entity with whom the establishment has contracted for the performance of such services; provided, this provision shall not disqualify an establishment which uses an out-of-state entity or employees for some reservations services, or

(b) those air transportation activities defined or classified in the NAICS Manual under Industry Group No. 4811, if an establishment classified therein has or will have within one (1) year sales of at least seventy-five percent (75%) of its total sales, as determined by the Incentive Approval Committee pursuant to the provisions of subsection B of this section, to out-of-state customers or buyers, to in-state customers or buyers if the product or

1 service is resold by the purchaser to an  
2 out-of-state customer or buyer for ultimate  
3 use, or to the federal government,

4 (8) flight training services activities defined or  
5 classified in the NAICS Manual under U.S.  
6 Industry Group No. 611512, which for purposes of  
7 the Oklahoma Quality Jobs Program Act shall  
8 include new direct jobs for which gross payroll  
9 existed on or after January 1, 2003, as  
10 identified in the NAICS Manual,

11 (9) the following, if an establishment classified  
12 therein has or will have within one (1) year  
13 sales of at least seventy-five percent (75%) of  
14 its total sales, as determined by the Incentive  
15 Approval Committee pursuant to the provisions of  
16 subsection B of this section, to out-of-state  
17 customers or buyers, to in-state customers or  
18 buyers if the product or service is resold by the  
19 purchaser to an out-of-state customer or buyer  
20 for ultimate use, or to the federal government:

21 (a) those transportation and warehousing  
22 activities defined or classified in the  
23 NAICS Manual under Industry Subsector No.  
24 493, if not otherwise listed in this

paragraph, Industry Subsector Nos. 482 and 484 and Industry Group Nos. 4884 through 4889,

(b) those passenger transportation activities defined or classified in the NAICS Manual under Industry Nos. 561510 and 561599,

(c) those freight or cargo transportation activities defined or classified in the NAICS Manual under Industry No. 541614,

(d) those insurance activities defined or classified in the NAICS Manual under Industry Group No. 5241,

(e) those services to dwellings and other buildings, as defined or classified in the NAICS Manual under Industry Group No. 5617, excluding U.S. Industry Nos. 561730, 56171, 56172, 56174 and 56179,

(f) those equipment rental and leasing activities defined or classified in the NAICS Manual under Industry Group No. 5324,

(g) those information technology and other computer-related service activities defined or classified in the NAICS Manual under

1 Industry Group Nos. 5112, 5182, 5191 and  
2 5415,

3 (h) those business support service activities  
4 defined or classified in the NAICS Manual  
5 under U.S. Industry Nos. 561410 through  
6 561430, excluding 56143, and Industry No.  
7 51911,

8 (i) those medical and diagnostic laboratory  
9 activities defined or classified in the  
10 NAICS Manual under Industry Group No. 6215,

11 (j) those professional, scientific and technical  
12 service activities defined or classified in  
13 the NAICS Manual under Industry Group Nos.  
14 5412, 5414, 5415, 5416 and 5417, Industry  
15 Nos. 54131, 54133, 54136 and 54137, and U.S.  
16 Industry No. 541990, if not otherwise listed  
17 in this paragraph,

18 (k) those communication service activities  
19 defined or classified in the NAICS Manual  
20 under Industry Nos. 51741 and 51791,

21 (l) those refuse systems activities defined or  
22 classified in the NAICS Manual under  
23 Industry Group No. 5622, provided that the  
24 establishment is primarily engaged in the  
25



capture and distribution of methane gas  
produced within a landfill,

(m) general wholesale distribution of groceries,  
defined or classified in the NAICS Manual  
under Industry Group Nos. 4244 and 4245,

(n) those activities relating to processing of  
insurance claims, defined or classified in  
the NAICS Manual under U.S. Industry Nos.  
524210 and 524292; provided, activities  
described in U.S. Industry Nos. 524210 and  
524292 in the NAICS Manual other than

processing of insurance claims shall not be  
included for purposes of this subdivision,

(o) those agricultural activities classified in  
the NAICS Manual under U.S. Industry Nos.  
112120 and 112310,

(p) those professional organization activities  
classified in the NAICS Manual under U.S.  
Industry No. 813920,

(q) alternative energy structure construction  
classified in the NAICS Manual under U.S.  
Industry No. 237130,

(r) solar reflective coating application  
classified in the NAICS Manual under U.S.  
Industry No. 238160,

(s) solar heating equipment installation  
classified in the NAICS Manual under U.S.  
Industry No. 238220,

(t) those wired telecommunications carriers  
classified in the NAICS Manual under U.S.  
Industry No. 517110, and

(u) those securities, commodity contracts and  
investment activities classified in the  
NAICS Manual under Industry Subsector No.  
523,

(10) those activities related to extraction or  
pipeline transportation of petroleum, natural gas  
or refined petroleum products, defined or  
classified in the NAICS Manual under Industry  
Group No. 2111, 213111, 213112 or 486, subject to  
the limitations provided in paragraph 3 of this  
subsection and paragraph 3 of subsection B of  
this section,

(11) those activities performed by the federal  
civilian workforce at a facility of the Federal  
Aviation Administration located in this state if

1 the Director of the Oklahoma Department of  
2 Commerce determines or is notified that the  
3 federal government is soliciting proposals or  
4 otherwise inviting states to compete for  
5 additional federal civilian employment or  
6 expansion of federal civilian employment at such  
7 facilities,

8 (12) those activities defined or classified in the  
9 NAICS Manual under U.S. Industry No. 711211 (2007  
10 version),

11 (13) those real estate or brokerage activities  
12 classified in the NAICS Manual under U.S.  
13 Industry No. 53120 for which at least seventy-  
14 five percent (75%) of the establishment's  
15 revenues are attributed to out-of-state sales and  
16 at least seventy-five percent (75%) of the real  
17 estate transactions generating those revenues are  
18 attributed to real property located outside the  
19 State of Oklahoma, or

20 (14) those support activities for rail transportation  
21 and those support activities for water  
22 transportation defined or classified in the NAICS  
23 Manual under U.S. Industry Nos. 4882 and 4883.  
24

1           b.    An establishment described in subparagraph a of this  
2                paragraph shall not be considered to be engaged in a  
3                basic industry unless it offers, or will offer within  
4                one hundred eighty (180) days of employment, a basic  
5                health benefits plan to the individuals it employs in  
6                new direct jobs in this state which is determined by  
7                the Oklahoma Department of Commerce to consist of the  
8                following elements or elements substantially  
9                equivalent thereto:

- 10           (1)   not more than fifty percent (50%) of the premium  
11                shall be paid by the employee,  
12           (2)   coverage for basic hospital care,  
13           (3)   coverage for physician care,  
14           (4)   coverage for mental health care,  
15           (5)   coverage for substance abuse treatment,  
16           (6)   coverage for prescription drugs, and  
17           (7)   coverage for prenatal care;

18           2.    "Change-in-control event" means the transfer to one or more  
19           unrelated establishments or unrelated persons, of either:

- 20           a.    beneficial ownership of more than fifty percent (50%)  
21                in value and more than fifty percent (50%) in voting  
22                power of the outstanding equity securities of the  
23                transferred establishment, or  
24

1           b.    more than fifty percent (50%) in value of the assets  
2                   of an establishment.

3           A transferor shall be treated as related to a transferee if more  
4   than fifty percent (50%) of the voting interests of the transferor  
5   and transferee are owned, directly or indirectly, by the other or  
6   are owned, directly or indirectly, by the same person or persons,  
7   unless such transferred establishment has an outstanding class of  
8   equity securities registered under Sections 12(b) or 15(d) of the  
9   Securities Exchange Act of 1934, as amended, in which event the  
10   transferor and transferee will be treated as unrelated; provided, an  
11   establishment applying for the Oklahoma Quality Jobs Program Act as  
12   a result of a change-in-control event is required to apply within  
13   one hundred eighty (180) days of the change-in-control event to  
14   qualify for consideration. An establishment entering the Oklahoma  
15   Quality Jobs Program Act as the result of a change-in-control event  
16   shall be required to maintain a level of new direct jobs as agreed  
17   to in its contract with the Oklahoma Department of Commerce and to  
18   pay new direct jobs an average annualized wage which equals or  
19   exceeds one hundred twenty-five percent (125%) of the average county  
20   wage as that percentage is determined by the Oklahoma Department of  
21   Commerce based upon the most recent U.S. Department of Commerce data  
22   for the county in which the new jobs are located. For purposes of  
23   this paragraph, healthcare premiums paid by the applicant for  
24   individuals in new direct jobs shall not be included in the

1 annualized wage. Such establishment entering the Oklahoma Quality  
2 Jobs Program Act as the result of a change-in-control event shall be  
3 required to retain the contracted average annualized wage and  
4 maintain the contracted maintenance level of new direct jobs numbers  
5 as certified by the Tax Commission. If the required average  
6 annualized wage or the required new direct jobs numbers do not equal  
7 or exceed such contracted level during any quarter, the quarterly  
8 incentive payments shall not be made and shall not be resumed until  
9 such time as such requirements are met. An establishment described  
10 in this paragraph shall be required to repay all incentive payments  
11 received under the Oklahoma Quality Jobs Program Act if the  
12 establishment is determined by the Tax Commission to no longer have  
13 business operations in the state within three (3) years from the  
14 beginning of the calendar quarter for which the first incentive  
15 payment claim is filed;

16 3. "New direct job":

- 17 a. means full-time-equivalent employment in this state in  
18 an establishment which has qualified to receive an  
19 incentive payment pursuant to the provisions of the  
20 Oklahoma Quality Jobs Program Act which employment did  
21 not exist in this state prior to the date of approval  
22 by the Department of the application of the  
23 establishment pursuant to the provisions of Section  
24 3604 of this title and with respect to an

1 establishment qualifying for incentive payments  
2 pursuant to division (12) of subparagraph a of  
3 paragraph 1 of this subsection shall not include  
4 compensation paid to an employee or independent  
5 contractor for an athletic contest conducted in the  
6 state if the compensation is paid by an entity that  
7 does not have its principal place of business in the  
8 state or that does not own real or personal property  
9 having a market value of at least One Million Dollars  
10 (\$1,000,000.00) located in the state, and the  
11 employees or independent contractors of such entity  
12 are compensated to compete against the employees or  
13 independent contractors of an establishment that  
14 qualifies for incentive payments pursuant to division  
15 (12) of subparagraph a of paragraph 1 of this  
16 subsection and which is organized under Oklahoma law  
17 or that is lawfully registered to do business in the  
18 state and which does have its principal place of  
19 business located in the state and owns real or  
20 personal property having a market value of at least  
21 One Million Dollars (\$1,000,000.00) located in the  
22 state; provided, that if an application of an  
23 establishment is approved by the Oklahoma Department  
24 of Commerce after a change-in-control event and the

1 Director of the Oklahoma Department of Commerce  
2 determines that the jobs located at such establishment  
3 are likely to leave the state, "new direct job" shall  
4 include employment that existed in this state prior to  
5 the date of application which is retained in this  
6 state by the new establishment following a change in  
7 control event, if such job otherwise qualifies as a  
8 new direct job, and

- 9 b. shall include full-time-equivalent employment in this  
10 state of employees who are employed by an employment  
11 agency or similar entity other than the establishment  
12 which has qualified to receive an incentive payment  
13 and who are leased or otherwise provided under  
14 contract to the qualified establishment, if such job  
15 did not exist in this state prior to the date of  
16 approval by the Department of the application of the  
17 establishment or the job otherwise qualifies as a new  
18 direct job following a change-in-control event. The  
19 leasing of employees by the establishment or employees  
20 provided under contract with an establishment shall  
21 constitute an employer-employee relationship between  
22 those employees and the establishment. A job shall be  
23 deemed to exist in this state prior to approval of an  
24 application if the activities and functions for which



1 the particular job exists have been ongoing at any  
2 time within six (6) months prior to such approval.  
3 With respect to establishments defined in division  
4 (10) of subparagraph a of paragraph 1 of this  
5 subsection, new direct jobs shall be limited to those  
6 jobs directly comprising the corporate headquarters of  
7 or directly relating to manufacturing, maintenance,  
8 administrative, financial, engineering, surveying,  
9 geological or geophysical services performed by the  
10 establishment. Under no circumstances shall  
11 employment relating to field services be considered  
12 new direct jobs;

13 4. "Estimated direct state benefits" means the tax revenues  
14 projected by the Department to accrue to the state as a result of  
15 new direct jobs;

16 5. "Estimated direct state costs" means the costs projected by  
17 the Department to accrue to the state as a result of new direct  
18 jobs. Such costs shall include, but not be limited to:

- 19 a. the costs of education of new state resident children,
- 20 b. the costs of public health, public safety and  
21 transportation services to be provided to new state  
22 residents,
- 23 c. the costs of other state services to be provided to  
24 new state residents, and  
25

1           d.    the costs of other state services;

2           6.    "Estimated net direct state benefits" means the estimated  
3 direct state benefits less the estimated direct state costs;

4           7.    "Net benefit rate" means the estimated net direct state  
5 benefits computed as a percentage of gross payroll; provided:

6           a.    except as otherwise provided in this paragraph, the  
7 net benefit rate may be variable and shall not exceed  
8 ~~five percent (5%)~~ the highest rate of income tax  
9 imposed upon the Oklahoma taxable income of  
10 individuals pursuant to subsection D of Section 2355  
11 of this title. Any change in the highest rate of  
12 individual income tax imposed pursuant to the  
13 provisions of Section 2355 of this title shall be  
14 applicable to the computation of incentive payments to  
15 an establishment and shall be effective for purposes  
16 of incentive payments based on payroll paid by an  
17 establishment on or after January 1 of any applicable  
18 year for which the net benefit rate is modified as  
19 required by this subparagraph, and

20           b.    ~~the net benefit rate shall not exceed six percent (6%)~~  
21 ~~in connection with an establishment which is owned and~~  
22 ~~operated by an entity which has been awarded a United~~  
23 ~~States Department of Defense contract for which:~~

1 ~~(1) bids were solicited and accepted by the United~~  
2 ~~States Department of Defense from facilities~~  
3 ~~located outside this state,~~

4 ~~(2) the term is or is renewable for not less than~~  
5 ~~twenty (20) years, and~~

6 ~~(3) the average annual salary, excluding benefits~~  
7 ~~which are not subject to Oklahoma income taxes,~~  
8 ~~for new direct jobs created as a direct result of~~  
9 ~~the awarding of the contract is projected by the~~  
10 ~~Oklahoma Department of Commerce to equal or~~  
11 ~~exceed Forty Thousand Dollars (\$40,000.00) within~~  
12 ~~three (3) years of the date of the first~~  
13 ~~incentive payment,~~

14 e. ~~except as otherwise provided in subparagraph d of this~~  
15 ~~paragraph,~~ in no event shall incentive payments,  
16 cumulatively, exceed the estimated net direct state  
17 benefits,

18 d. ~~the net benefit rate shall be five percent (5%) for an~~  
19 ~~establishment locating:~~

20 ~~(1) in an opportunity zone located in a high-~~  
21 ~~employment county, as such terms are defined in~~  
22 ~~subsection G of Section 3604 of this title, or~~

23 ~~(2) in a county in which:~~  
24  
25

~~(a) the per capita personal income, as  
determined by the Department, is eighty-five  
percent (85%) or less of the statewide  
average per capita personal income,  
(b) the population has decreased over the  
previous ten (10) years, as determined by  
the Oklahoma Department of Commerce based on  
the most recent U.S. Department of Commerce  
data, or  
(c) the unemployment rate exceeds the lesser of  
five percent (5%) or two percentage points  
above the state average unemployment rate as  
certified by the Oklahoma Employment  
Security Commission,~~

~~e. the net benefit rate shall not exceed six percent (6%)  
in connection with an establishment which:~~

~~(1) is, as of the date of application, receiving  
incentive payments pursuant to the Oklahoma  
Quality Jobs Program Act and has been receiving  
such payments for at least one (1) year prior to  
the date of application, and  
(2) expands its operations in this state by creating  
additional new direct jobs which pay average  
annualized wages which equal or exceed one~~

1                   ~~hundred fifty percent (150%) of the average~~  
2                   ~~annualized wages of new direct jobs on which~~  
3                   ~~incentive payments were received during the~~  
4                   ~~preceding calendar year,~~

5       ~~f. with respect to an establishment defined or classified~~  
6       ~~in the NAICS Manual under U.S. Industry No. 711211~~  
7       ~~(2007 version) or any establishment defined or~~  
8       ~~classified in the NAICS Manual as a U.S. Industry~~  
9       ~~Number which is not included within the definition of~~  
10      ~~"basic industry" as such term is defined in this~~  
11      ~~section on April 17, 2008, the net benefit rate shall~~  
12      ~~not exceed the highest rate of income tax imposed upon~~  
13      ~~the Oklahoma taxable income of individuals pursuant to~~  
14      ~~subparagraph (g) or subparagraph (h), as applicable,~~  
15      ~~of paragraph 1 and paragraph 2 of subsection B of~~  
16      ~~Section 2355 of this title. Any change in such~~  
17      ~~highest rate of individual income tax imposed pursuant~~  
18      ~~to the provisions of Section 2355 of this title shall~~  
19      ~~be applicable to the computation of incentive payments~~  
20      ~~to an establishment as described by this subparagraph~~  
21      ~~and shall be effective for purposes of incentive~~  
22      ~~payments based on payroll paid by such establishment~~  
23      ~~on or after January 1 of any applicable year for which~~

1           ~~the net benefit rate is modified as required by this~~  
2           ~~subparagraph, and~~

3           ~~g. the net benefit rate shall not exceed six percent (6%)~~  
4           ~~in connection with an establishment which employs~~  
5           ~~United States military veterans in at least ten~~  
6           ~~percent (10%) of its gross payroll. The net benefit~~  
7           ~~rate for an establishment which employs United States~~  
8           ~~military veterans in at least ten percent (10%) of its~~  
9           ~~payroll shall not be lower than five percent (5%).~~

10           Incentive payments made pursuant to the provisions of this  
11           subparagraph shall be based upon payroll associated with such new  
12           direct jobs. For purposes of this subparagraph, the amount of  
13           health insurance premiums or other benefits paid by the  
14           establishment shall not be included for purposes of computation of  
15           the average annualized wage;

16           8. "Gross payroll" means wages, as defined in Section 2385.1 of  
17           this title for new direct jobs;

18           9.    a. "Establishment" means any business or governmental  
19                   entity, no matter what legal form, including, but not  
20                   limited to, a sole proprietorship; partnership;  
21                   limited liability company; corporation or combination  
22                   of corporations which have a central parent  
23                   corporation which makes corporate management decisions  
24                   such as those involving consolidation, acquisition,

1 merger or expansion; federal agency; political  
2 subdivision of the State of Oklahoma; or trust  
3 authority; provided, distinct, identifiable subunits  
4 of such entities may be determined to be an  
5 establishment, for all purposes of the Oklahoma  
6 Quality Jobs Program Act, by the Department subject to  
7 the following conditions:

8 (1) within three (3) years of the first complete  
9 calendar quarter following the start date, the  
10 entity must have a minimum payroll of Two Million  
11 Five Hundred Thousand Dollars (\$2,500,000.00) and  
12 the subunit must also have or will have a minimum  
13 payroll of Two Million Five Hundred Thousand  
14 Dollars (\$2,500,000.00),

15 (2) the subunit is engaged in an activity or service  
16 or produces a product which is demonstratively  
17 independent and separate from the entity's other  
18 activities, services or products and could be  
19 conducted or produced in the absence of any other  
20 activity, service or production of the entity,

21 (3) has an accounting system capable of tracking or  
22 facilitating an audit of the subunit's payroll,  
23 expenses, revenue and production. Limited  
24 interunit overlap of administrative and  
25

1 purchasing functions shall not disqualify a  
2 subunit from consideration as an establishment by  
3 the Department,

4 (4) the entity has not previously had a subunit  
5 determined to be an establishment pursuant to  
6 this section; provided, the restriction set forth  
7 in this division shall not apply to subunits  
8 which qualify pursuant to the provisions of  
9 subparagraph b of paragraph 7 of this subsection,  
10 and

11 (5) it is determined by the Department that the  
12 entity will have a probable net gain in total  
13 employment within the incentive period.

14 b. The Department may promulgate rules to further limit  
15 the circumstances under which a subunit may be  
16 considered an establishment. The Department shall  
17 promulgate rules to determine whether a subunit of an  
18 entity achieves a net gain in total employment. The  
19 Department shall establish criteria for determining  
20 the period of time within which such gain must be  
21 demonstrated and a method for determining net gain in  
22 total employment;

23 10. "NAICS Manual" means any manual, book or other publication  
24 containing the North American Industry Classification System, United



1 States, 1997, promulgated by the Office of Management and Budget of  
2 the United States of America, or the latest revised edition;

3 11. "Qualified federal contract" means a contract between an  
4 agency or instrumentality of the United States government, including  
5 but not limited to the Department of Defense or any branch of the  
6 United States Armed Forces, but exclusive of any contract performed  
7 for the Federal Emergency Management Agency as a direct result of a  
8 natural disaster declared by the Governor or the President of the  
9 United States with respect to damage to property located in Oklahoma  
10 or loss of life or personal injury to persons in Oklahoma, and a  
11 lawfully recognized business entity, whether or not the business  
12 entity is organized under the laws of the State of Oklahoma or  
13 whether or not the principal place of business of the business  
14 entity is located within the State of Oklahoma, for the performance  
15 of services, including but not limited to testing, research,  
16 development, consulting or other services in a basic industry, if  
17 the contract involves the performance of such services performed on  
18 or after July 1, 2009, by the employees of the business entity  
19 within the State of Oklahoma or if the contract involves the  
20 performance of such services performed on or after July 1, 2009, by  
21 employees of a lawfully recognized business entity that is a  
22 subcontractor of the business entity with which the prime contract  
23 has been formed. A qualified federal contract described in this  
24 paragraph shall not qualify unless both the qualified federal

1 contractor and any subcontractors originally involved in the work or  
2 added subsequently during the period of performance verify to the  
3 qualified federal contractor verifier that it offers, or will offer  
4 within one hundred eighty (180) days of employment of its respective  
5 employees, a basic health benefits plan as described in subparagraph  
6 b of paragraph 1 of this subsection to individuals who perform  
7 qualified labor hours in this state;

8 12. "Qualified federal contractor verifier" means a nonprofit  
9 entity organized under the laws of the State of Oklahoma, having an  
10 affiliation with a comprehensive university which is part of The  
11 Oklahoma State System of Higher Education, and having the following  
12 characteristics:

- 13 a. established multiyear classified and unclassified  
14 indefinite-delivery/indefinite-quantity federal  
15 contract vehicles in excess of Fifty Million Dollars  
16 (\$50,000,000.00),
- 17 b. current capability to sponsor and maintain personnel  
18 security clearances and authorized by the federal  
19 government to handle and perform classified work up to  
20 the Top Secret Sensitive Compartmented Information  
21 levels,
- 22 c. at least one on-site federally certified Sensitive  
23 Compartmented Information Facility,

- d. on-site secure mass data storage complex with the capability of isolating, segregating and protecting corporate proprietary and classified information,
- e. trusted agent status by maintaining no ownership of, vested interest in, nor royalty production from any intellectual property,
- f. at least one hundred thousand (100,000) square feet of configurable laboratory and support space,
- g. the direct access to restricted air space through a formalized memorandum of agreement with the Department of Defense,
- h. at least five thousand (5,000) acres available for outdoor testing and training facilities, and
- i. the ability to house state-of-the-art surety facilities, including chemical, biological, radiological, explosives, electronics, and unmanned systems laboratories and ranges;

13. "SIC Manual" means the 1987 revision to the Standard Industrial Classification Manual, promulgated by the Office of Management and Budget of the United States of America;

14. "Start date" means the date on which an establishment may begin accruing benefits for the creation of new direct jobs, which date shall be determined by the Department;

1        15. "Effective date" means the date of approval of a contract  
2 under which incentive payments will be made pursuant to the Oklahoma  
3 Quality Jobs Program Act, which shall be the date the signed and  
4 accepted incentive contract is received by the Department; provided,  
5 an approved project may have a start date which is different from  
6 the effective date;

7        16. "Total qualified labor hours" means the reimbursed payment  
8 amount for hours of work performed by the State of Oklahoma  
9 workforce of a qualified federal contractor or the State of Oklahoma  
10 workforce of a subcontractor of a qualified federal contractor and  
11 which are required for the full performance of a qualified federal  
12 contract;

13        17. "Qualified labor rate" means the fully reimbursed labor  
14 rate paid through a qualified federal contract for qualified labor  
15 hours to the qualified federal contractor or subcontractor;

16        18. "Qualified federal contractor" means a business entity:

- 17            a. maintaining a prime contract with the federal  
18                government as defined in paragraph 11 of this  
19                subsection,  
20            b. providing notice of intent to apply to the Department  
21                within one hundred eighty (180) days of July 1, 2010,  
22                or one hundred eighty (180) days of the date of the  
23                award of a qualified federal contract or award of a  
24

- 1 new qualified subcontract under an existing qualified  
2 federal contract, and
- 3 c. adding substantively to the contract by performing at  
4 least eight percent (8%) of the total labor whether  
5 qualified and nonqualified labor as determined by the  
6 federal contractor verifier on a direct contract or  
7 individual task order or delivery order on an  
8 indefinite-delivery/indefinite-quantity or other  
9 blanket contract vehicle.

10 Should a prime contractor provide notice to the Department of  
11 its intent not to apply for incentive for a qualified federal  
12 contract or fails to qualify under the criteria above,  
13 subcontractors in order of tier ranking as determined by the federal  
14 contract verifier may assume the role of the prime and apply to  
15 become a qualified federal contractor provided the entity meets the  
16 same criteria above with the exception that notice of intent to  
17 apply with the Department must be provided within sixty (60) days of  
18 the prime's disqualification or one hundred eighty (180) days of the  
19 award of its subcontract, whichever is later; and

20 19. "Proxy establishment" means a public trust which:

- 21 a. is organized and existing under Section 176 of Title  
22 60 of the Oklahoma Statutes for the benefit of a  
23 geographic area which includes a city or county or  
24 some combination thereof, and

1           b.    benefits a geographic area where new direct jobs which  
2                    meet the requirements of the Oklahoma Quality Jobs  
3                    Program Act are created by an establishment, other  
4                    than the proxy establishment, which is a branch of the  
5                    Armed Forces of the United States.

6           A proxy establishment may be determined to be an establishment  
7 for all purposes of the Oklahoma Quality Jobs Program Act by the  
8 Department and incentive payments may be made to such proxy  
9 establishment for new direct jobs otherwise qualified pursuant to  
10 the Oklahoma Quality Jobs Program Act. The Department may  
11 promulgate rules to further specify the circumstances under which a  
12 proxy establishment may be considered an establishment for the  
13 purposes of making application for incentive payments pursuant to  
14 the Oklahoma Quality Jobs Program Act. Provided however, that with  
15 respect to any data on qualifying direct new jobs from a branch of  
16 the Armed Forces of the United States, such rules shall only require  
17 a proxy establishment to provide such data as would otherwise be  
18 publicly releasable by the branch of the Armed Forces of the United  
19 States.

20           B. The Incentive Approval Committee is hereby created and shall  
21 consist of the Director of the Office of Management and Enterprise  
22 Services, the Director of the Department and one member of the  
23 Oklahoma Tax Commission appointed by the Tax Commission, or a  
24 designee from each agency approved by such member. It shall be the  
25

1 duty of the Committee to determine the eligibility of all applicants  
2 for the Oklahoma Quality Jobs Program Act, subject to the applicable  
3 requirements.

4 C. For an establishment defined as a "basic industry" pursuant  
5 to division (4) of subparagraph a of paragraph 1 of subsection A of  
6 this section, the Incentive Approval Committee shall consist of the  
7 members provided by subsection B of this section and the Executive  
8 Director of the Oklahoma Center for the Advancement of Science and  
9 Technology, or a designee from the Center appointed by the Executive  
10 Director.

11 SECTION 2. AMENDATORY 68 O.S. 2021, Section 3604, as  
12 last amended by Section 157, Chapter 452, O.S.L. 2024 (68 O.S. Supp.  
13 2025, Section 3604), is amended to read as follows:

14 Section 3604. A. Except as otherwise provided in subsection I  
15 or subsection L of this section, an establishment which meets the  
16 qualifications specified in the Oklahoma Quality Jobs Program Act  
17 may receive quarterly incentive payments for a ten-year period from  
18 the Oklahoma Tax Commission pursuant to the provisions of the  
19 Oklahoma Quality Jobs Program Act; provided, such an establishment  
20 defined or classified in the ~~NAICS~~ North American Industry  
21 Classification System (NAICS) Manual under U.S. Industry No. 711211  
22 (2007 version) may receive quarterly incentive payments for a  
23 thirty-year period. The amount of such payments shall be equal to  
24 the net benefit rate multiplied by the actual gross payroll of new

1 direct jobs for a calendar quarter as verified by the Oklahoma  
2 Employment Security Commission. For an establishment defined or  
3 classified in the NAICS Manual under U.S. Industry No. 711211 (2007  
4 version) that entered into a contract pursuant to the Oklahoma  
5 Quality Jobs Program Act with the Oklahoma Department of Commerce  
6 before ~~the effective date of this act~~ November 1, 2023:

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

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

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

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



1 1. Be engaged in a basic industry;

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

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

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

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

16 a. have an annual gross payroll for new direct jobs  
17 projected by the Department to equal or exceed One  
18 Million Five Hundred Thousand Dollars (\$1,500,000.00)  
19 within three (3) years of the first complete calendar  
20 quarter following the start date and make, or which  
21 will make within one (1) year, at least seventy-five  
22 percent (75%) of its total sales, as determined by the  
23 Incentive Approval Committee pursuant to the  
24 provisions of subsection B of Section 3603 of this

1 title, to out-of-state customers or buyers, to in-  
2 state customers or buyers if the product or service is  
3 resold by the purchaser to an out-of-state customer or  
4 buyer for ultimate use, or to the federal government,  
5 unless the annual gross payroll equals or exceeds Two  
6 Million Five Hundred Thousand Dollars (\$2,500,000.00)  
7 in which case the requirements for purchase of output  
8 provided by this subparagraph shall not apply, and

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

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

- 16 a. have an annual gross payroll for new direct jobs  
17 projected by the Department to equal or exceed One  
18 Million Five Hundred Thousand Dollars (\$1,500,000.00)  
19 within three (3) years of the first complete calendar  
20 quarter following the start date, and  
21 b. have a number of full-time-equivalent employees  
22 working an average of thirty (30) or more hours per  
23 week in new direct jobs equal to or in excess of  
24

1                    eighty percent (80%) of the total number of new direct  
2                    jobs.

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

5                    a. is a federal Superfund removal site,

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

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

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

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

19            2. In order to qualify for the incentive payments pursuant to  
20 this subsection, the establishment shall conduct the activity  
21 resulting in at least fifty percent (50%) of its Oklahoma taxable  
22 income or adjusted gross income, as determined under Section 2358 of  
23 this title, whether from the sale of products or services or both  
24 products and services, at the physical location which has been

1 determined not to comply with the federal or state statutes  
2 described in this subsection with respect to environmental  
3 conditions for real property. The establishment shall be subject to  
4 all other requirements of the Oklahoma Quality Jobs Program Act  
5 other than the exemptions provided by this subsection.

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

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

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

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

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

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

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

22 Provided, for applications submitted before January 1, 2027, no  
23 average wage requirement shall exceed Twenty-five Thousand Dollars  
24 (\$25,000.00), in any county. This maximum wage threshold shall be

1 indexed and modified from time to time based on the latest Consumer  
2 Price Index year-to-date percent change release as of the date of  
3 the annual average county wage data release from the Bureau of  
4 Economic Analysis of the ~~U.S.~~ United States Department of Commerce.

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

14 2. As used in this subsection:

15 a. "negative economic event" means:

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

21 (2) an economic circumstance in which a significant  
22 number of jobs within a particular county of this  
23 state have been lost due to an establishment  
24 changing its structure, consolidating with  
25

1 another establishment, closing or moving all or  
2 part of its operations out of this state, and

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

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

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

21 I. If the applicant is determined to be qualified by the  
22 Department ~~and is not subject to the provisions of subparagraph d of~~  
23 ~~paragraph 7 of subsection A of Section 3603 of this title, the~~  
24 Department shall conduct a ~~cost/benefit~~ cost-benefit analysis to

1 determine the estimated net direct state benefits and the net  
2 benefit rate applicable for a ten-year period beginning with the  
3 first complete calendar quarter following the start date and to  
4 estimate the amount of gross payroll for a ten-year period beginning  
5 with the first complete calendar quarter following the start date or  
6 for a thirty-year period for an establishment defined or classified  
7 in the NAICS Manual under U.S. Industry No. 711211 (2007 version).  
8 In conducting such ~~cost/benefit~~ cost-benefit analysis, the  
9 Department shall consider quantitative factors, such as the  
10 anticipated level of new tax revenues to the state along with the  
11 added cost to the state of providing services, and such other  
12 criteria as deemed appropriate by the Department. In no event shall  
13 incentive payments, cumulatively, exceed the estimated net direct  
14 state benefits, ~~except for applicants subject to the provisions of~~  
15 ~~subparagraph d of paragraph 7 of subsection A of Section 3603 of~~  
16 ~~this title.~~

17 J. Upon approval of such an application, the Department shall  
18 notify the Tax Commission and shall provide it with a copy of the  
19 contract and the results of the ~~cost/benefit~~ cost-benefit analysis.  
20 The Tax Commission may require the qualified establishment to submit  
21 such additional information as may be necessary to administer the  
22 provisions of the Oklahoma Quality Jobs Program Act. The approved  
23 establishment shall file quarterly claims with the Tax Commission  
24 and shall continue to file such quarterly claims during the ten-year



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

18 K. A municipality with a population of less than one hundred  
19 thousand (100,000) persons in which an establishment eligible to  
20 receive quarterly incentive payments pursuant to the provisions of  
21 this section is located may file a claim with the Tax Commission for  
22 up to twenty-five percent (25%) of the amount of such payment. The  
23 amount of such claim shall not exceed amounts paid by the  
24 municipality for direct costs of municipal infrastructure

1 improvements to provide water and sewer service to the  
2 establishment. Such claim shall not be approved by the Tax  
3 Commission unless the municipality and the establishment have  
4 entered into a written agreement for such claims to be filed by the  
5 municipality prior to submission of the application of the  
6 establishment pursuant to the provisions of this section. If such  
7 claim is approved, the amount of the payment to the establishment  
8 made pursuant to the provisions of Section 3606 of this title shall  
9 be reduced by the amount of the approved claim by the municipality  
10 and the Tax Commission shall issue a warrant to the municipality in  
11 the amount of the approved claim in the same manner as warrants are  
12 issued to qualifying establishments.

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

17 SECTION 3. AMENDATORY 68 O.S. 2021, Section 3604.1, is  
18 amended to read as follows:

19 Section 3604.1. A. A qualified federal contractor may receive  
20 quarterly incentive payments for renewable ten-year periods from the  
21 Oklahoma Tax Commission pursuant to the provisions of the Oklahoma  
22 Quality Jobs Program Act and the provisions of this section.

23 B. The amount of such payments shall be equal to a net benefit  
24 rate of not less than twenty-five ~~hundredths~~ one-hundredths of one  
25

1 percent (0.25%), but not greater than two percent (2%), multiplied  
2 by the total qualified labor hours worked by employees of the  
3 federal contractor or employees of a qualified federal  
4 subcontractor, or both, pursuant to a qualified federal contract for  
5 a calendar quarter as verified by the Oklahoma Employment Security  
6 Commission and certified by a qualified federal contractor verifier.  
7 The net benefit rate for a qualified federal contractor shall be  
8 scaled to annual subcontracting goals that account for both total  
9 qualified subcontract labor hours and the ratio of qualified  
10 subcontract labor hours to total qualified labor hours. Unless  
11 limited by the ~~cost/benefit~~ cost-benefit analysis, the net benefit  
12 rate shall:

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

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

23 3. Not be less than one percent (1%) when subcontract goals are  
24 met with a minimum of One Million Dollars (\$1,000,000.00) of annual  
25

1 total qualified subcontractor labor hours and when these hours  
2 represent a minimum of five percent (5%) of the annual total  
3 qualified hours claimed;

4 4. Not be less than one and five-tenths percent (1.5%) when  
5 subcontract goals are met with a minimum of Two Million Dollars  
6 (\$2,000,000.00) of annual total qualified subcontractor labor hours  
7 and these hours are a minimum of ten percent (10%) of the annual  
8 total qualified hours claimed; and

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

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

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

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

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

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

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

16        3. For qualified subcontractor work, the qualified federal  
17 contractor shall have a minimum average qualified labor rate  
18 requirement paid to the subcontractor of Thirty-one Dollars (\$31.00)  
19 per hour, in any county. This maximum wage threshold shall be  
20 indexed and modified from time to time based on the latest Consumer  
21 Price Index year-to-date percent change release as of the date of  
22 the annual average county wage data release from the Bureau of  
23 Economic Analysis of the ~~U.S.~~ United States Department of Commerce.  
24

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

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

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

10 G. Upon approval of such an application, the Department shall  
11 notify the Tax Commission and shall provide it with a copy of the  
12 contract that has been cosigned by the federal contractor verifier  
13 and the results of the ~~cost/benefit~~ cost-benefit analysis. The Tax  
14 Commission may require the qualified federal contractor, federal  
15 contract verifier, and qualified subcontractors to submit such  
16 additional information as may be necessary to administer the  
17 provisions of the Oklahoma Quality Jobs Program Act. The approved  
18 qualified federal contractor shall file quarterly claims with the  
19 Tax Commission and shall continue to file such quarterly claims  
20 during the ten-year incentive period to show its continued  
21 eligibility for incentive payments, as provided in Section 3606 of  
22 this title, or until it is no longer qualified to receive incentive  
23 payments. The qualified federal contractor may be audited by the  
24 Tax Commission to verify such eligibility. Once the qualified



1 federal contractor is approved, an agreement shall be deemed to  
2 exist between the qualified federal contractor and ~~the State of~~  
3 ~~Oklahoma~~ this state, requiring the continued incentive payment to be  
4 made as long as the qualified federal contractor retains its  
5 eligibility as defined in and established pursuant to this section  
6 and Sections 3603 and 3606 of this title and within the limitations  
7 contained in the Oklahoma Quality Jobs Program Act, which existed at  
8 the time of such approval.

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

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

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

1 the state. Should neither the federal contractor nor the  
2 subcontractor defer in part or in entirety their incentive payments  
3 such that the total for all ~~Quality Jobs~~ quality jobs incentive  
4 payments exceeds the total net benefit to the state, the priority  
5 for incentive payments shall go to the entity with the earliest  
6 recognized start date ~~identified~~ identified within the current  
7 Oklahoma Department of Commerce ~~Quality Jobs~~ quality jobs contract.

8 SECTION 4. AMENDATORY 68 O.S. 2021, Section 3606, as  
9 last amended by Section 2, Chapter 29, 1st Extraordinary Session,  
10 O.S.L. 2023 (68 O.S. Supp. 2025, Section 3606), is amended to read  
11 as follows:

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

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

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

1 establishment fails to achieve the required gross payroll within  
2 three (3) years of the start date, the establishment shall not make  
3 a new or renewal application for incentive payments authorized  
4 pursuant to the Oklahoma Quality Jobs Program Act for a period of  
5 twelve (12) months from the last day of the last month of the three-  
6 year period during which the required gross payroll amount was not  
7 achieved.

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

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

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

22 E. An establishment that has qualified pursuant to Section 3604  
23 of this title may receive payments only in accordance with the  
24 provisions of the law under which it initially applied and was

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

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

1 additional incentive payments based upon the gross payroll  
2 anticipated from an expansion only.

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

10 SECTION 5. AMENDATORY 68 O.S. 2021, Section 3903, is  
11 amended to read as follows:

12 Section 3903. As used in the Small Employer Quality Jobs  
13 Incentive Act:

14 1. "Basic industry" means a basic industry as defined under the  
15 Oklahoma Quality Jobs Program Act in divisions (1) through (9) of  
16 subparagraph a of paragraph 1 of subsection A of Section 3603 of  
17 this title, excluding those activities described in division (10) of  
18 subparagraph a of paragraph 1 of subsection A of Section 3603 of  
19 this title. Provided, for the purposes of the Small Employer  
20 Quality Jobs Incentive Act, the determination required by  
21 subdivision (b) of division (7) or division (8) of subparagraph a of  
22 paragraph 1 of subsection A of Section 3603 of this title shall be  
23 made by the Oklahoma Department of Commerce and not the Incentive  
24 Approval Committee;

1       2. "Establishment" means any business, no matter what legal  
2 form, including, but not limited to, a sole proprietorship,  
3 partnership, corporation, or limited liability corporation;

4       3. "Estimated direct state benefits" means the tax revenues  
5 projected by the Oklahoma Department of Commerce to accrue to the  
6 state as a result of new direct jobs;

7       4. "Estimated direct state costs" means the costs projected by  
8 the Department to accrue to the state as a result of new direct  
9 jobs. Such costs shall include, but not be limited to:

- 10           a. the costs of education of new state resident children,
- 11           b. the costs of public health, public safety and  
12                transportation services to be provided to new state  
13                residents,
- 14           c. the costs of other state services to be provided to  
15                new state residents, and
- 16           d. the costs of other state services;

17       5. "Estimated net direct state benefits" means the estimated  
18 direct state benefits less the estimated direct state costs;

19       6. "Full-time employment" means employment of persons residing  
20 in this state and working for thirty (30) hours per week or more in  
21 this state, which has a minimum six-month duration during any  
22 twelve-month period;

23       7. "Gross taxable payroll" means wages, as defined in Section  
24 2385.1 of this title, for new direct jobs;



1        8. "Net benefit rate" means the estimated net direct state  
2 benefits computed as a percentage of gross payroll; provided:

3            a. the net benefit rate may be variable and shall not  
4                exceed ~~five percent (5%)~~ the highest rate of income  
5                tax imposed upon the Oklahoma taxable income of  
6                individuals pursuant to subsection D of Section 2355  
7                of this title. Any change in the highest rate of  
8                individual income tax imposed pursuant to the  
9                provisions of Section 2355 of this title shall be  
10               applicable to the computation of incentive payments to  
11               an establishment and shall be effective for purposes  
12               of incentive payments based on payroll paid by an  
13               establishment on or after January 1 of any applicable  
14               year for which the net benefit rate is modified as  
15               required by this subparagraph, and

16            b. in no event shall incentive payments, cumulatively,  
17                exceed the estimated net direct state benefits; and

18        9. "New direct job" means full-time employment which did not  
19 exist in this state prior to the date of approval, by the Oklahoma  
20 Department of Commerce, of an application made pursuant to the Small  
21 Employer Quality Jobs Incentive Act. A job shall be deemed to exist  
22 in this state prior to approval of an application if the activities  
23 and functions for which the particular job exists have been ongoing  
24 at any time within six (6) months prior to such approval.

SECTION 6. AMENDATORY 68 O.S. 2021, Section 3905, is

amended to read as follows:

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

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

2. Upon receipt of a report for the initial calendar quarter of the incentive period and for each subsequent calendar quarter

1 thereafter, the Tax Commission shall determine if the establishment  
2 has met the following requirements:

- 3 a. created ~~and~~ or maintained the minimum number of new  
4 direct jobs as specified in paragraph 3 of subsection  
5 C of Section 3904 of this title, and
- 6 b. paid the individuals it employed in new direct jobs an  
7 annualized wage which equaled or exceeded the  
8 applicable percentage of the average county wage as  
9 that percentage was determined by the Oklahoma  
10 Department of Commerce upon approval of the  
11 application.

12 3. Upon determining that an establishment has met the  
13 requirements of paragraph 2 of this subsection for the initial  
14 calendar quarter of the incentive period, the Tax Commission shall  
15 issue a warrant to the establishment in an amount which shall be  
16 equal to the net benefit rate multiplied by the amount of gross  
17 taxable payroll of new direct jobs actually paid by the  
18 establishment.

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 twenty-seven 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 months of the date of its application, or after July 1, 2011, within  
2 twenty-four (24) months of the date of its application, shall be  
3 ineligible to receive any incentive payments pursuant to its  
4 application and approval.

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

10 SECTION 7. AMENDATORY 68 O.S. 2021, Section 3913, is  
11 amended to read as follows:

12 Section 3913. As used in the 21st Century Quality Jobs  
13 Incentive Act:

14 1. "Basic industry" means:

15 a. a basic industry as defined under the Oklahoma Quality  
16 Jobs Program Act in divisions (1) through (9) of  
17 subparagraph a of paragraph 1 of subsection A of  
18 Section 3603 of Title 68 of the Oklahoma Statutes,  
19 excluding those activities described in division (10)  
20 of subparagraph a of paragraph 1 of subsection A of  
21 Section 3603 of Title 68 of the Oklahoma Statutes.  
22 For the purposes of this act, if a determination is  
23 required by subdivision (b) of division (7) or by  
24 division (9) of subparagraph a of paragraph 1 of

1 subsection A of Section 3603 of Title 68 of the  
2 Oklahoma Statutes, such determination shall be:

- 3 (1) made by the Oklahoma Department of Commerce and  
4 not by the Incentive Approval Committee, and  
5 (2) based on a requirement that those industries that  
6 are required to have at least seventy-five  
7 percent (75%) of total sales to out-of-state  
8 customers or buyers for purposes of the Quality  
9 Jobs Program Act shall only be required to have  
10 fifty percent (50%) of total sales, as determined  
11 by the Department of Commerce, to out-of-state  
12 customers or buyers, to in-state customers or  
13 buyers if the product or service is resold by the  
14 purchaser to an out-of-state customer or buyer  
15 for ultimate use, or to the federal government,  
16 for the purposes of this act,

- 17 b. (1) those specialty hospitals (except psychiatric and  
18 substance abuse hospitals) defined or classified  
19 in the NAICS Manual under U.S. Industry Group No.  
20 62231, and  
21 (2) those performing arts companies defined or  
22 classified in the NAICS Manual under U.S.  
23 Industry Group No.7111, and  
24

1 c. an establishment classified in this subparagraph which  
2 has or will have within one (1) year sales of at least  
3 fifty percent (50%) of its total sales, as determined  
4 by the Department of Commerce, to out-of-state  
5 customers or buyers, to in-state customers or buyers  
6 if the product or service is resold by the purchaser  
7 to an out-of-state customer or buyer for ultimate use,  
8 or to the federal government:

9 (1) those electric utility activities defined or  
10 classified in the NAICS Manual under U.S.  
11 Industry Group No. 2211 which meet the  
12 requirements of subdivisions a, b and d of  
13 division 2 of subparagraph a of paragraph 1 of  
14 Section 3603 of Title 68 of the Oklahoma  
15 Statutes,

16 (2) those heavy and civil engineering construction  
17 activities defined or classified in the NAICS  
18 Manual under U.S. Industry Group No. 237,

19 (3) those motion picture and video industries defined  
20 or classified in the NAICS Manual under U.S.  
21 Industry Group No. 5121,

22 (4) those sound recording industries defined or  
23 classified in the NAICS Manual under U.S.  
24 Industry Group No. 5122,

- 1 (5) those securities, commodity contracts and other  
2 financial investment activities defined or  
3 classified in the NAICS Manual under U.S.  
4 Industry Group No. 523,  
5 (6) those insurance carriers and related activities  
6 defined or classified in the NAICS Manual under  
7 U.S. Industry Group No. 524,  
8 (7) those funds, trusts and other financial vehicles  
9 defined or classified in the NAICS Manual under  
10 U.S. Industry Group No. 525,  
11 (8) those professional, scientific and technical  
12 services defined or classified in the NAICS  
13 Manual under U.S. Industry Group Nos. 5411, 5412,  
14 5413, 5414, 5418 and 5419, and  
15 (9) those electronic and precision equipment repair  
16 and maintenance activities defined or classified  
17 in the NAICS Manual under U.S. Industry Group No.  
18 8112;

19 2. "Establishment" means any business, no matter what legal  
20 form, including, but not limited to, a sole proprietorship,  
21 partnership, corporation, or limited liability corporation;

22 3. "Estimated direct state benefits" means the tax revenues  
23 projected by the Oklahoma Department of Commerce to accrue to the  
24 state as a result of new direct jobs;

1       4. "Estimated indirect state benefits" means the indirect new  
2 tax revenues projected by the Oklahoma Department of Commerce to  
3 accrue to the state, including, but not limited to, revenue  
4 generated from ancillary support jobs directly related to the  
5 establishment;

6       5. "Estimated direct state costs" means the costs projected by  
7 the Department to accrue to the state as a result of new direct  
8 jobs. Such costs shall include, but not be limited to:

- 9           a. the costs of education of new state resident children,
- 10          b. the costs of public health, public safety and  
11             transportation services to be provided to new state  
12             residents,
- 13          c. the costs of other state services to be provided to  
14             new state residents, and
- 15          d. the costs of other state services;

16       6. "Estimated indirect state costs" means the costs projected  
17 by the Department to accrue to the state as a result of new indirect  
18 jobs. Such costs shall include, but not be limited to, costs  
19 enumerated in subparagraphs a, b, c and d of paragraph 5 of this  
20 subsection;

21       7. "Estimated net direct state benefits" means the estimated  
22 direct state benefits less the estimated direct state costs;  
23  
24  
25



1       8. "Estimated net direct and indirect state benefits" means the  
2 estimated direct and indirect state benefits less the estimated  
3 direct and indirect state costs;

4       9. "Full-time employment" means employment of persons residing  
5 in this state and working for thirty (30) hours per week or more in  
6 this state, which has a minimum six-month duration during any  
7 twelve-month period;

8       10. "Gross taxable payroll" means wages, as defined in Section  
9 2385.1 of Title 68 of the Oklahoma Statutes, for new direct jobs;

10       11. "Initial net benefit rate" means the estimated net direct  
11 state benefits computed as a percentage of gross payroll; provided:

- 12       a. the initial net benefit rate may be variable and shall  
13 not exceed ~~seven percent (7%)~~ the highest rate of  
14 income tax imposed upon the Oklahoma taxable income of  
15 individuals pursuant to subsection D of Section 2355  
16 of this title. Any change in the highest rate of  
17 individual income tax imposed pursuant to the  
18 provisions of Section 2355 of this title shall be  
19 applicable to the computation of incentive payments to  
20 an establishment and shall be effective for purposes  
21 of incentive payments based on payroll paid by an  
22 establishment on or after January 1 of any applicable  
23 year for which the net benefit rate is modified as  
24 required by this subparagraph, and

1           b.    in no event shall incentive payments, cumulatively,  
2                exceed the estimated net direct state benefits; and

3       12.   "Fulfillment net benefit rate" means the estimated net  
4   direct and indirect state benefits computed as a percentage of gross  
5   payroll after the completion of the first twelve (12) quarters or  
6   until the establishment reaches ten new direct jobs, whichever  
7   occurs first, provided:

8           a.   the fulfillment net benefit rate may be variable and  
9                shall not exceed ~~ten percent (10%)~~ the highest rate of  
10              income tax imposed upon the Oklahoma taxable income of  
11              individuals pursuant to subsection D of Section 2355  
12              of this title. Any change in the highest rate of  
13              individual income tax imposed pursuant to the  
14              provisions of Section 2355 of this title shall be  
15              applicable to the computation of incentive payments to  
16              an establishment and shall be effective for purposes  
17              of incentive payments based on payroll paid by an  
18              establishment on or after January 1 of any applicable  
19              year for which the previous net benefit rate is  
20              modified as required by this subparagraph, and

21          b.   in no event shall incentive payments, cumulatively,  
22                exceed the estimated net direct and indirect state  
23                benefits; and

1        13. "New direct job" means full-time employment which did not  
2 exist in this state prior to the date of approval, by the Oklahoma  
3 Department of Commerce, of an application made pursuant to this act.  
4 A job shall be deemed to exist in this state prior to approval of an  
5 application if the activities and functions for which the particular  
6 job exists have been ongoing at anytime within six (6) months prior  
7 to such approval.

8        SECTION 8.        AMENDATORY        68 O.S. 2021, Section 3914, is  
9 amended to read as follows:

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

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

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

22        B. In order to receive incentive payments, an establishment  
23 shall apply to the Oklahoma Department of Commerce. The application  
24 shall be on a form prescribed by the Department and shall contain

1 such information as may be required by the Department to determine  
2 if the applicant is qualified. The establishment may apply for an  
3 effective date for a project, which shall not be more than twelve  
4 (12) months from the date the application is submitted to the  
5 Department.

6 C. Before approving an application for incentive payments, the  
7 Department must first determine that the applicant meets the  
8 following requirements:

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

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

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

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

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

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

12 6. Is not qualified for approval of an application for  
13 incentive payments under the Small Employer Quality Jobs ~~Program~~  
14 Incentive Act, ~~the Saving Quality Jobs Act~~ or the Former Military  
15 Facility Development Act.

16 D. The Oklahoma Department of Commerce shall determine if an  
17 applicant is qualified to receive the incentive payment. Upon  
18 qualifying the applicant, the Department shall notify the Tax  
19 Commission and shall provide it with a copy of the contract and  
20 approval which shall provide the number of persons employed by the  
21 applicant upon the date of approval and the maximum total incentives  
22 which may be paid to the applicant during the ten-year period. The  
23 Tax Commission may require the qualified establishment to submit  
24 additional information as may be necessary to administer the

1 provisions of ~~this act~~ the 21st Century Quality Jobs Incentive Act.  
2 The approved establishment shall report to the Tax Commission  
3 quarterly to show its continued eligibility for incentive payments,  
4 as provided in Section 3905 of this title. Establishments may be  
5 audited by the Tax Commission to verify such eligibility. Once the  
6 establishment is approved, an agreement shall be deemed to exist  
7 between the establishment and the State of Oklahoma, requiring  
8 incentive payments to be made for a ten-year period as long as the  
9 establishment retains its eligibility and within the limitations of  
10 ~~this act~~ the 21st Century Quality Jobs Incentive Act as it existed  
11 at the time of such approval.

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

16 SECTION 9. AMENDATORY 68 O.S. 2021, Section 3915, is  
17 amended to read as follows:

18 Section 3915. A. 1. Beginning with the first complete  
19 calendar quarter after the application of the establishment is  
20 approved by the Oklahoma Department of Commerce, the establishment  
21 shall begin filing quarterly reports with the Oklahoma Tax  
22 Commission that specify the actual number and individual gross  
23 taxable payroll of new direct jobs for the establishment and such  
24 other information as required by the Tax Commission. In no event  
25

1 shall the first claim for incentive payments be filed later than  
2 ~~three (3) years~~ one (1) year from the start date designated by the  
3 Department. The Tax Commission shall verify the actual individual  
4 gross taxable payroll for new direct jobs. If the Tax Commission is  
5 not able to provide such verification utilizing all available  
6 resources, the Tax Commission may request additional information  
7 from the establishment as may be necessary or may request the  
8 establishment to revise its reports.

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

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

- 17 a. during the initial twelve (12) quarters of the  
18 contract or until the establishment creates ten new  
19 direct jobs, paid the individuals it employed in new  
20 direct jobs an average annualized wage that exceeded  
21 the requirements of paragraph 3 of subsection C of  
22 Section 3914 of this title, or  
23 b. after the establishment created ten new direct jobs:  
24

- 1 (1) paid the individuals it employed in new direct  
2 jobs an average annualized wage which equaled or  
3 exceeded the requirements of paragraph 3 of  
4 subsection C of Section 3914 of this title, and  
5 (2) created ~~and/or~~ or maintained the minimum number  
6 of new direct jobs as specified in the 21st  
7 Century Quality Jobs Incentive Act.

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

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

23 B. Except as provided in subsection C of this section, the  
24 quarterly incentive payment provided for in subsection A of this



1 section shall be allowed in each of the thirty-nine (39) subsequent  
2 calendar quarters.

3 C. 1. An establishment which does not meet the requirements of  
4 paragraph 2 of subsection A of this section within twelve (12)  
5 quarters of the date of its application shall be ineligible to  
6 receive any incentive payments pursuant to its application and  
7 approval.

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

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

20 SECTION 10. AMENDATORY 68 O.S. 2021, Section 4503, as  
21 amended by Section 1, Chapter 127, O.S.L. 2025 (68 O.S. Supp. 2025,  
22 Section 4503), is amended to read as follows:

23 Section 4503. A. As used in the Oklahoma Remote Quality Jobs  
24 Incentive Act:

1        1. "Basic industry" means an establishment that attracts remote  
2 workers to the state whose purpose is to increase the state's  
3 population and who may receive rebates on the remote workers;  
4 provided, that the remote workers meet the wage and health insurance  
5 requirements in the state and provide evidence of such to the proxy  
6 establishment;

7        2. "New direct job" shall include full-time-equivalent  
8 employment in this state of remote workers who are employed by an  
9 establishment other than the proxy establishment which has qualified  
10 to receive incentive payments for attracting remote workers to the  
11 state. Such jobs held by remote workers did not exist in this state  
12 prior to the date of approval by the Oklahoma Department of Commerce  
13 of the application of the proxy establishment. A job shall be  
14 deemed to exist in this state prior to approval of an application if  
15 the activities and functions for which the particular job exists  
16 have been ongoing at any time within six (6) months prior to such  
17 approval;

18        3. "Proxy establishment" means:

19            a. a public trust which:

20                    (1) is organized and existing under Section 176 of  
21                                Title 60 of the Oklahoma Statutes for the benefit  
22                                of a geographic area which includes a city or  
23                                county or some combination thereof, and  
24  
25

1                   (2)   benefits a geographic area where new direct jobs  
2                   which meet the requirements of the Oklahoma  
3                   Remote Quality Jobs Incentive Act are created by  
4                   an establishment, other than the proxy  
5                   establishment, or

6           b.    an establishment which facilitates the attraction of  
7           remote workers to the State of Oklahoma;

8           4.    "Remote worker" refers to a work flexibility arrangement  
9   under which an employee performs the duties and responsibilities of  
10 such employee's position, and other authorized activities, from an  
11 approved work site other than the location from which the employee  
12 would otherwise work, which shall not be located within the physical  
13 boundaries of the State of Oklahoma. The remote worker should not  
14 have lived in the State of Oklahoma in the previous twelve (12)  
15 months;

16           5.    "Estimated direct state benefits" means the tax revenues  
17 projected by the Department to accrue to the state as a result of  
18 new direct jobs;

19           6.    "Estimated direct state costs" means the costs projected by  
20 the Department to accrue to the state as a result of new direct  
21 jobs. Such costs shall include, but not be limited to:

22           a.    the costs of education of new state resident children,  
23  
24  
25

1           b.    the costs of public health, public safety and  
2                    transportation services to be provided to new state  
3                    residents,

4           c.    the costs of other state services to be provided to  
5                    new state residents, and

6           d.    the costs of other state services;

7           7.    "Estimated net direct state benefits" means the estimated  
8           direct state benefits less the estimated direct state costs; and

9           8.    "Net benefit rate" means the estimated net direct state  
10           benefits computed as a percentage of gross payroll, and shall not  
11           exceed ~~five percent (5%)~~ the highest rate of income tax imposed upon  
12           the Oklahoma taxable income of individuals pursuant to subsection D  
13           of Section 2355 of this title. Any change in the highest rate of  
14           individual income tax imposed pursuant to the provisions of Section  
15           2355 of this title shall be applicable to the computation of  
16           incentive payments to an establishment and shall be effective for  
17           purposes of incentive payments based on payroll paid by an  
18           establishment on or after January 1 of any applicable year for which  
19           the net benefit rate is modified as required by this paragraph.

20           B.    A proxy establishment shall be required to obtain from  
21           remote workers proof of basic health benefits plans for the  
22           individuals it includes in an application. The proxy establishment  
23           shall submit the information to the Oklahoma Department of Commerce  
24           and shall ensure that the basic health benefits plans provide

1 coverage where not more than fifty percent (50%) of the premium  
2 shall be paid by the employee; however, services provided by an  
3 Employee Assistance Plan (EAP) are not sufficient to meet this  
4 definition.

5 SECTION 11. This act shall become effective November 1, 2026.  
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